

12th ANNUAL REPORT

2011-2012



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

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED

BOARD OF DIRECTORS:

SRI G. ANANTA RAMU, IAS	CHAIRMAN & MANAGING DIRECTOR
SRI P.RAJAGOPAL REDDY	DIRECTOR/FINANCE & P&MM
SRI G. RAGHUMA REDDY	DIRECTOR/PROJECTS & IT & COMML
SRI K. VENKATA NARAYANA	DIRECTOR/HRD & IR & OP/GH
SRI C. CHENNA REDDY	DIRECTOR (NON WHOLE TIME)
SRI K. RANGANATHAM	DIRECTOR(NON WHOLE TIME)
SMT PUSHPA SUBRAHMANYAM, IAS	DIRECTOR(NON WHOLE TIME)
SRI DINESH KUMAR, IAS	DIRECTOR(NON WHOLE TIME)
	(Ceased to be director w.e.f 03.8.2012)

AUDIT COMMITTEE:

SRI K. RANGANATHAM	CHAIRMAN AUDIT COMMITTEE
SRI C. CHENNA REDDY	MEMBER
SRI K. VENKATA NARAYANA	MEMBER

AUDITORS:

M/s. SHARAD & ASSOCIATES
CHARTERED ACCOUNTANTS

COMPANY SECRETARY:

SMT. K. SUJATHA

BANKERS:

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

REGD OFFICE:

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

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CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LTD.

NOTICE

To

The Members of the Company

NOTICE IS HEREBY GIVEN THAT THE 12th ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON 28th SEPTEMBER 2012 AT 12.00 PM AT THE REGISTERED OFFICE OF THE COMPANY AT 6-1-50, MINT COMPOUND, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive consider and adopt the Audited Profit and Loss Account for the period ended 31-3-2012 and Balance Sheet as on 31-3-2012 along with Directors Report, Statutory Auditors Report and Comments of Comptroller and Auditor General of India, thereon.
2. To take note of the appointment of Statutory Auditors for the financial year 2012-13 under the provisions of Sec.619(2) of Companies Act, 1956 by Comptroller and Auditor General of India and fix the remuneration of Statutory Auditors for the Financial Year 2012-13.

“RESOLVED THAT pursuant to the provisions of Sec 224(8) (aa) and other applicable provisions the Board of Directors be and are hereby authorized to fix the remuneration payable to Statutory Auditors M/s. Sharad & Associates, Chartered Accountants for the financial year 2012-13.”

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

Sd/-

Place : Hyderabad

Date:26.9.2012

K. SUJATHA

COMPANY SECRETARY

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

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 12th Annual Report of the Company, together with the Audited Accounts of the Company for the year ending 31st March, 2012.

FINANCIAL RESULTS

During the year under review, the Company achieved an aggregate income of ₹ 15133.05 crores. The financial performance of the Company is as follows:

S.No	Particulars	2011-12 (₹ in Crores)	2010-11 (₹ in Crores)
1.	Revenue from Sale of Power	12241.95	* 10159.30
2.	Revenue from Subsidies and Grants	2620.77	1601.57
3.	Other income	269.47	* 241.02
4.	Power Purchase Cost	12675.67	10173.27
5.	Provision for depreciation	390.35	326.33
6.	Interest and Finance Charges	935.50	579.94
7.	Surplus	4.05	3.13
8.	Net worth of the Company	2194.73	1996.87

* The Change in segregation of revenue of F.Y. 2010-11 is due to adoption of Revised Schedule VI.

The infrastructure of the Company as on 31.03.2012 is as follows:

S.No.	Particulars	Quantity
1.	33/11 KV Substations	1448
2.	Power Transformers	2196
3.	Distribution Transformers	298913
4.	33KV Feeders	751
5.	11KV Feeders	5508

BOARD OF DIRECTORS:

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

S.No	Name of the Director	Designation
1.	Sri G. Anantha Ramu, IAS	Chairman & Managing Director
2.	Sri. P Rajagopal Reddy	Director/Finance & P&MM
3.	Sri G. Raghuma Reddy	Director/ Projects & IT & Comml
4.	Sri K.Venkata Narayana	Director /HRD & IR &Op/Gr.Hyd
5.	Sri Dinesh Kumar, IAS	Director(Non-whole time) (Ceased to be director w.e.f 03.8.2012)
6.	Smt.Pushpa Subrahmanyam, IAS	Director(Non-whole time)
7.	Sri K.Ranganatham	Director(Non-whole time)
8.	Sri C. Chenna Reddy	Director(Non-whole time)

CHANGES IN BOARD SINCE LAST REPORT:

S.No	Name of the Director	Designation	Date of Change
1.	Sri. B Ravindra Reddy	Director/ Co-ordination, APPCC, IPC & RAC	Ceased on 28.09.2011
2.	Sri B. Veera Reddy	Director/Operations/Rural	Ceased on 08.12.2011

CHANGES IN BOARD SINCE LAST REPORT:

- * Sri B. Ravindra Reddy, Director/ Co-ordination, APPCC, IPC & RAC, vacated his office on 28.09.2011 on completion of tenure as per G.O. Ms.No.105, Energy(Pr-III) Dept, Dt.27.09.2008.
- * Sri B.Veera Reddy, Director/OP/Rural, vacated his office on 08.12.2011 on completion of tenure as per G.O. Ms.No.126, Energy(Pr-III) Dept, Dt.29.11.2008.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2011-12:

Board Meetings are held regularly and decisions taken in the best interests of the Company. During the Financial Year 2011-2012, Eight (8) Meetings of the Board of Directors were held on the following dates:

S.No.	Dates of Board Meeting
1.	16.04.2011
2.	16.06.2011
3.	21.07.2011
4.	29.08.2011
5.	28.09.2011
6.	16.11.2011
7.	25.01.2012
8.	26.03.2012

COMPOSITION:

The composition of the Board of Directors of the Company Chairman & Managing Director, three whole time directors and four non-whole time directors. The Directors are nominated by Government of Andhra Pradesh as per Article 30(d) of Articles of Association.

The table below gives the details of Composition and category of Directors and participation during the Financial Year 2011-12:

Directors	Category of Directors	No. of Board Meetings Held	Meetings Attended	Remarks
Sri G. Anantha Ramu, IAS Chairman & Managing Director	CMD	8	6	Appointed on 16.7.2011
Sri M.T. Krishna Babu, IAS Chairman & Managing Director	CMD	8	2	Ceased on 16.7.2011
Sri P Rajagopal Reddy Director/Finance & P&MM	WTD	8	8	
Sri G. Raghuma Reddy Director/ Projects & IT & Comml	WTD	8	7	
Sri K. Venkata Narayana Director /HRD & IR &Op/Gr.Hyd	WTD	8	8	
Sri A. Srinivasa Rao	WTD	8	2	Ceased on 27.6.2011
Sri. K H Ghulam Ahmed	WTD	8	2	Ceased on 17.7.2011
Sri B. Ravindra Reddy	WTD	8	4	Ceased on 28.09.2011

Sri B. Veera Reddy	WTD	8	5	Ceased on 08.12.2011
Sri Dinesh Kumar, IAS	NWD	8	5	Appointed on 16.8.2011(Ceased to be director w.e.f 03.8.2012)
Smt.Pushpa Subrahmanyam, IAS	NWD	8	1	Appointed on 28.7.2011
Sri K. Ranganatham	NWD	8	7	
Sri C Chenna Reddy	NWD	8	7	

* CMD- Chairman & Managing Director

WTD- Whole time Director

NWD- Non-whole time Director

DATES OF LAST THREE ANNUAL GENERAL MEETINGS HELD:

For the year	Venue	No. of the Meeting	Date	Time
2009	Corporate Office, 6-1-50, Mint Compound, Hyderabad	9th	29.09.2009	11.00 AM
2010	Corporate Office, 6-1-50, Mint Compound, Hyderabad	10th	15.09.2010	11.00 AM
2011	Corporate Office, 6-1-50, Mint Compound, Hyderabad	11th	29.09.2011	4.00 PM

CONSTITUTION OF AUDIT COMMITTEE:

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

S.No	Name of the Director	Designation
1.	Sri K.Ranganatham	Chairman of Audit Committee (Non whole time Director)
2.	Sri C. Chenna Reddy	Member Audit Committee (Non whole time Director)
3.	Sri K. Venkata Narayana	Member Audit Committee Director (HR & IR & Op/GH) (After 17.7.2011)

The Audit Committee was reconstituted due to the change in the position of whole time Directors in the financial year 2011-12, as Sri K. Venkata Narayana was nominated as a member of Audit Committee in place of Sri K.H. Ghulam Ahmed, who has ceased to be Director of the Company on completion of his tenure on 17.7.2011.

The Audit Committee met Five times during the financial year 2011-12. The Annual Accounts for the year 2011-12 were reviewed by Audit Committee in its meeting held on 06.08.2012.

Directors	No. of Audit Committee Meetings Held	Meetings Attended	Remarks
Sri K. Ranganatham	5	4	
Sri C. Chenna Reddy	5	4	
Sri K. Venkata Narayana	5	4	W.E.F. 17.7.2011
Sri. K H Ghulam Ahmed	5	1	Sri K. Venkata Narayana was nominated as Non-whole time Director in his place on 17.7.2011

AUDITORS OF THE COMPANY:

Satutory Auditor:

M/s Sharad & Associates, Chartered Accountants were appointed by Comptroller and Auditor General of India (C&AG) as the Statutory Auditors of the Company for the financial year 2011-12.

Cost Auditor:

M/s. Narasimha Murthy & Co, Chartered Accountants were appointed as Cost Auditors of the Company for the financial year 2011-12.

Replies of Management to Audit Queries:

The replies to the queries of statutory auditor and Comptroller and Auditor General of India on annual accounts for the F.Y.2011-12 are enclosed as Annexure – ‘A’ and Annexure – ‘B’ to this report.

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS:

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

TRAINING:

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

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

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

As a part of Bachat Lamp Yojana, the Company had entered into tripartite agreement for replacement of Compact Florescent Lamps (CFLs) as an alternative to energy inefficient Incandescent Lamps (ICLs). The pilot project was undertaken and successfully completed in Habsiguda Division. Subsequently the replacement programme in Kukatpally, Gachibowli, Vikarabad and Rajendernagar divisions is in progress.

Technology Absorption:

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

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

PARTICULARS OF EMPLOYEES UNDER SEC 217(2A):

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

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of your Company has met Eight times during the financial year 2011-12.

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

The Annual Accounts are prepared as per Schedule VI of the Companies Act, 1956 and the applicable standards are followed, so as to give a true and fair view of state of affairs of the Company as at the end of the financial year 31st March, 2012. The rates of depreciation

are adopted as per the Gazette notifications issued by the Ministry of Power, Government of India from time to time.

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

The Annual Accounts are prepared on a going concern basis.

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of APCPDCL,

Place: Hyderabad

Date: 28.09.2012

G. Anantha Ramu, IAS

Chairman and Managing Director

Annexure A to the Directors' Report

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

STATUTORY AUDITORS' REPORT	COMPANY'S REPLY
<p>Report on the financial statements We have audited the accompanying financial statements of Central Power Distribution Company of Andhra Pradesh Limited (the company), which comprise the balance sheet as at 31 March 2012, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.</p> <p>Management's responsibility for the financial statements Management is responsible for 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 accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p> <p>Auditor's responsibility Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud</p>	

or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, subject to our comments under this heading and under the heading "Report on other legal and regulatory requirements" the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the balance sheet, of the state of affairs of the company as at 31 March 2012,
- b. In the case of the statement of profit and loss, of the profit/loss for the year ended on that date, and
- c. In the case of the cash flow statement, of the cash flow for the year ended on that date.

Further to our observations above we report that:

1. Without qualifying our report we draw attention that the accounts of the company for the year ended 31st March, 2011 were audited and reported by another firm of Chartered Accountants vide their qualified report dated 21st July, 2011. The balances as at March 31, 2011 as per audited accounts, regrouped/reclassified where necessary, more so to comply with Revised Schedule VI of the Companies Act, 1956, have been considered as opening balances for the purpose of these financial statements.

2. PURCHASE OF POWER:	
<p><i>i. Reference is invited to Note No. 4 of Notes Forming part of Financial Statements regarding the Third Transfer Scheme, in terms of which the Bulk Supply Undertaking and Power Purchase Agreements were transferred from APTRANSCO to Distribution Companies in specified ratio with effect from 09/06/2005 and subsequent revision of the ratio of allocation with effect from April 2008. In order to facilitate purchase and trading of power, the Government of Andhra Pradesh has constituted one apex committee and two sub-committees. The Transactions of Sale of Power, to the entities other than the four Distribution Companies and Purchase of Power as also allocation of Cost of Purchase of Power amongst the four Distribution Companies are subjected to audit by an Independent Firm of Chartered Accountants. The statements of purchase, sale and additional power subsidy as intimated by the Committee and certified by the independent firm of Chartered Accountants are incorporated in the Books of the Company and have been accepted by us. It may be mentioned that these Committees are not legal entities.</i></p> <p><i>ii. In Terms of GO. Ms. 53, Energy (Power III), April 28, 2008, more specifically defined in the Note No. 4 of Notes forming part of Financial Statements the Government of Andhra Pradesh has reallocated the power sharing among the all DISCOM's with retrospective effect from June 9, 2005, however no adjustments are carried out for the transactions already incorporated in the books of accounts till March 31, 2008 at the original ratio of allocation. The impact of such revision, if any, on the Financial Statements could not be ascertained.</i></p>	<p>Informative</p> <p>Regarding ratio of reallocation of Power with prospective effect, request has been made to the Govt. of AP.</p>

<p>3. CONSUMER CONTRIBUTION AND CAPITAL GRANTS:</p>	
<p><i>a. Reference is invited to Note No. 6(a) of Notes forming part of Financial Statements, that the company is crediting amounts received from the consumers and Government towards tangible assets directly to the reserves on receipt of the amount, even before the asset is created, which results in non-identification of assets created out of such contribution. The adjustments for depreciation to total assets are made on the basis of proportionate value of the assets to the Consumer contributions instead of to the individual assets built out of the Consumer Contributions and Government Grants. Assets yet to be created out of these funds could not be ascertained however depreciation has been written back to the Statement of Profit and Loss in proportion to the consumer contribution. The Impact on the financial statements could not be ascertained.</i></p>	<p>In Turnkey works, assets are created by giving effect to the Consumer Contributed Reserves immediately. In other cases, assets are being installed on the basis of load requirements. The Depreciation on the consumer contributed assets is being written back to the Profit and Loss based on the proportionate value of the assets built out of the Consumer Contributions, as they cannot be matched with the assets created out of such contributions.</p>
<p><i>b. Amount collected from consumer towards burnt meter is credited to deposits account classified under current liabilities instead of treating it as reserves (consumer contribution) when the meter is put to use. This will ensure devolution of meter with consequent effect of writing back the consumer contribution (Gross Block Less Amortization of Consumer contribution), however the company is not writing off the contribution made by the consumer towards the old meter including amortization of such charges in the books of accounts. The impact of such incorrect accounting practice on the financial statements could not be ascertained.</i></p>	<p>Noted for future guidance.</p>

<p>4. TANGIBLE ASSETS AND DEPRECIATION ON TANGIBLE ASSETS:</p>	
<p>i. Tangible Assets:</p> <p>a. <i>Tangible Assets created out of the capital work orders and put to use as at March 31, 2012 has not been capitalized in the books as the work completion certificate were not furnished and work order was not closed resulting in non-compliance with Accounting Standard – 10 “Accounting for Fixed Assets”. The impact of these on the financial statements and consequential effect on depreciation could not be ascertained.</i></p> <p>b. <i>Capitalization of employee cost of ₹49.92 Crores (Previous year ₹ 49.26 Crores) and Administrative and General Expenses of ₹ 8.80 crore (Previous year ₹ 8.69 crores) is being carried out at 10% on the cost of capital works, more specifically detailed in Note No. 3 (vi)(a) of Notes forming part of Financial Statements, instead of capitalizing the directly attributable costs in accordance with Accounting Standard – 10, ‘Accounting for Fixed Assets’. The impact of these on the Financial Statements could not be determined.</i></p> <p>c. <i>It was observed that defective meters which are being replaced with new meters are not being devoluted from the SAP accounting system and there is no subsequent tracking of such devoluted meters, this results in asset being carried in the books in spite of non-existence. Furthermore it was observed that new meters installed in lieu of the defective meters are reduced from the stock but the same is not being capitalized, thus resulting in non-adherence to the Accounting Standard 10 – “Accounting for fixed assets”. The impact on the Financial Statements and the consequential effect on the depreciation could not be ascertained.</i></p>	<p>The Company has capitalized the assets which are put to use only. Steps are being taken to hasten the process of capitalization.</p> <p>Ten Percent of the Cost of Capital Works is capitalized towards Employee Cost and Administrative & General Expenses, as the Operation Circles are executing both Capital Works and Operation & Maintenance Works, and it is not practicable to maintain records to identify the man hours spent by the staff on Capital Works.</p> <p>This transaction is being treated as Repairs & Maintenance to Meters. Hence, not capitalized. However, it is noted for future guidance.</p>

<p>ii. Depreciation on Tangible Assets:</p> <p><i>a. It was observed that incorrect depreciation is being calculated in SAP accounting system for the new assets created during the year since depreciation is being calculated from the 1st date of capitalization even for the subsequent addition made under that asset code which was created during the year. The impact on the financial statements could not be ascertained.</i></p> <p><i>b. It was observed that Price variation arising on account of difference between prices specified in purchase order and actual material cost being charged to the statement of profit and loss. This results in understatement of tangible assets as the most of the inventories is used for purpose of creation of tangible assets, understatement of profits and understatement of carrying cost of inventories.</i></p>	<p>The observation relates to depreciation calculated for lines and single phase meters where capitalization has been made to a single asset which is created for each cost centre (i.e., section office) for the entire year. However, it is noted for future guidance.</p> <p>Noted for future guidance.</p>
<p>5. INVENTORIES:</p>	
<p><i>a. Physical verification of inventories carried out by the management during the year has detected the value of shortage and obsolete/non-moving/slow moving stores to the tune of ₹13.26 Crores (Previous Year ₹ 14.83 Crores) ₹32.39 Crores (Previous year ₹ 36.72 Crores) is being provided towards Recovery and write off of Inventories as at March 31, 2012. This has resulted in understatement of accumulated Loss by ₹ 19.13 Crores (Previous year ₹ 21.89 Crores) and understatement of inventories to that extent.</i></p> <p><i>b. Testing Charges amounting to ₹1.17 Crores (Previous Year ₹1.80 Crores) and other incidental material handling charges amounting to ₹ 2.44 Crores (Previous year ₹ 2.10 Crores) incurred towards in acquisition of inventories has not been included in the inventory cost instead being charged to the Statement of Profit and Loss which is not in accordance with Accounting Standard - 2 “Valuation of Inventories”. This</i></p>	<p>The Provision for obsolete/non-moving/slow moving stores existing in the books of accounts to a tune of ₹32.39 Crores includes lump sum provision of ₹29.53 Crores under the “Second Transfer Scheme”, notified by the Government of Andhra Pradesh w.e.f. 1.4.2000.</p> <p>Noted for future guidance.</p>

<p><i>results in understatement of profit and understatement of value of inventories by ₹ 3.61 Crores (Previous Year ₹ 3.90 Crores).</i></p>	
<p>6. TRADE RECEIVABLES:</p> <p><i>Trade Receivables include amounts with regard to of cases filed in the Court amounting to ₹ 307.33Crores (Previous years ₹ 280.76 Crores), Revenue Recovery Act ₹ 35.46 Crores (Previous year ₹ 46.81 Crores) and Disconnected/Bill Stopped Services ₹ 256.50 Crores (Previous year ₹ 204.90 Crores) totaling in all to ₹ 599.29 Crores (Previous year ₹ 532.68 Crores) as against the existing provision of ₹505.46 Crores (previous year ₹ 434.84 Crores). In the absence of any accounting policy for making provision for sundry debtors, we are unable to comment on the adequacy of the provision for doubtful debts.</i></p>	<p>The debtors in court cases and disconnected services cannot be presumed totally as bad and doubtful. Hence, sufficient provision is available against the trade receivables.</p>
<p>7. OTHER RECEIVABLES:</p>	
<p><i>RESCO Receivables includes Staff advance, Deposits, Miscellaneous Assets amounting to ₹ 0.51Crores, the details thereof is not in possession of the company thus in our opinion the same is not recoverable. Accordingly assets are being overstated by ₹ 0.51 Crores and profit is overstated to the same extent.</i></p>	<p>These (RESCOs) assets are incorporated in the books of accounts during the FY 2011-12 based on the report of independent chartered accountant. The same will be reviewed.</p>
<p>8. AMALGAMATION OF RESCO's IN THE BOOKS:</p>	
<p><i>Reference is invited to Note No. 32 Notes forming part of financial statements with reference to accounting for merger of RESCO's, the company has, during the year given effect to the merger scheme of 3 RESCO's of kadiri east, kadiri west and Sanjay, Jogipet, however in our opinion:</i></p> <p><i>a. Tangible Assets are incorporated at WDV to tune of ₹ 17.17 Crore as valued on the date of merger and not at original cost with corresponding accumulated depreciation. In this context it is pertinent to note that these assets have vested with the company in year 2004-05, however no depreciation</i></p>	<p>These have been incorporated in the books of accounts during FY 2011-12 based on the report of independent chartered accountant. However, the same will be reviewed.</p>

<p><i>till the date of balance sheet has been charged in the books of accounts. Furthermore, company has not carried out physical verification of these assets to ascertain existence, impairment and useful life of the assets. The impact of these on the financial statements could not be ascertained.</i></p> <p><i>b. The company has incorporated the value of inventories to the tune of ₹ 0.30 Crores (net off provision- RESCO's) which has not been accounted in the stores accounting system nor the company has carried out physical verification of these stores items to ascertain existence, location and obsolescence of the inventories.</i></p> <p><i>c. The company has incorporated the trade receivables to the tune of ₹ 13.64 Crores (Net off Provision- RESCO's), recoverability of which in our opinion is doubtful considering the identity, legal tenability and resources available with the company.</i></p> <p><i>d. The company as per the Chartered Accountants report has incorporated ₹ 83.13 Crores as receivables from Government of Andhra Pradesh towards difference between assets and liabilities taken over of RESCO's. In our opinion the claim needs to accept by the Government of Andhra Pradesh. This may have effect in the accounts if the government rejects the claim.</i></p>	<p>Noted.</p>
<p>9. CASH & BANK BALANCES:</p>	
<p><i>Balances with Scheduled Banks in current accounts include un-reconciled items and there are unidentified credits in the bank accounts for ₹ 2.95 crores (previous year ₹ 7.92 crore). The impact of the above on the Profit & Loss, Assets and Liabilities could not be determined.</i></p>	<p>The amount relates to bank excess credits and reconciliation is under progress.</p>
<p>10. PROVISIONS:</p>	
<p><i>Reference is invited Note No. 9 (c) & 12(d)(i) of Notes forming part of financial statements, where it is stated that provision of Pension, Gratuity and Leave encashment for the eligible employees has been provided in the books based on the actuarial valuation for the year ended March 31, 2011 and no certified actuarial valuation has been carried out for the</i></p>	<p>The Actuarial Valuation is being carried out during the F Y 2011-12 based on the Audited Financial Statements of FY 2010-11 as insisted</p>

<p><i>year ended March 31, 2012, hence in our opinion, provision made for the year ended March 31, 2012 is not in accordance with Accounting Standard – 15, Employee Benefits (Revised). The impact on the financial statements could not be determined.</i></p>	<p>by the Actuary. Accordingly, the Company has made a provision towards Terminal Benefits.</p>
<p>11. NET REVENUE FROM SALE OF POWER:</p>	
<p><i>A sum of ₹ 2258 crores (Previous year ₹ 1408 crores) is accounted as Fuel Surcharge Adjustment recoverable from the Consumers, based on the advice given by the Andhra Pradesh Power Coordination Committee (APPCC), which is subject to the approval of the Andhra Pradesh Electricity Regulatory Commission (APERC). This may have effect on the accounts if the approval of the APERC is at variance with the calculations adopted by the APPCC.</i></p>	<p>FSA proposals for the Financial Year 2011-12 submitted to Hon'ble APERC for approval.</p>
<p><i>12. It was observed that interest on electricity duty billed and recovered from consumers has been accounted as income amounting to the tune of ₹ 3.21 Crores (Previous year ₹ 2.40 Crore) instead of passing it on to the Government of Andhra Pradesh. It is pertinent to note that electricity duty being statutory levy, the authority to levy such interest arises from Andhra Pradesh Electricity duty Act, 1939 read with Section 24 (1) of Indian Electricity Act, 1910; hence the same cannot form part of income of the company even though the company is prompt in making the payment of electricity duty. Accordingly profit is being overstated and accordingly liability is understated to the extent of ₹ 3.21 Crores (Previous year ₹ 2.40 Crores).</i></p>	<p>The Company is paying the Electricity Duty to the State Government on the units billed whether the electricity duty is realized or otherwise. Hence the interest charged by the company on late payment of electricity duty by consumers is treated as Income of the company.</p>
<p><i>13. It was observed that the recoveries from employees towards Group Insurance Scheme and from non provincial staff towards GPF are being utilized towards operation of the company.</i></p>	<p>Noted.</p>
<p><i>14. The Company has not obtained confirmations of balances from Sundry Creditors, financial institutions and other parties in respect of Loans, Advances, and Current Liabilities. Balances under these heads are subject to reconciliation and</i></p>	<p>Wherever amounts are substantial, efforts are being made to obtain confirmation from the Creditors and Banks.</p>

<p><i>review. The impact, if any that may result on reconciliation and review of the balances under various heads in Assets and Liabilities could not be determined.</i></p> <p><i>15. We are informed that the Company is in the process of collecting the information relating the Small and Micro units rendering service or supplying goods to the Company. Hence we are not able to determine that whether there was delay in making payment and interest for the delay as required under MSME Act, 2006.</i></p> <p><i>16. We are of the opinion that the unascertained amount is much higher than the ascertained amount that will have an effect on the Profit, Assets and Liabilities and furnishing the aggregate effect of only the ascertained amounts will not be appropriate. Hence we are not furnishing the aggregate effect of the ascertained amount on the profit, assets and liabilities.</i></p> <p>Report on other legal and regulatory requirements</p> <p>1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.</p> <p>2. As required by section 227(3) of the Act, we report that:</p> <p>a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.</p> <p>b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.</p> <p>c. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.</p> <p>d. In our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the accounting</p>	<p>Note No. 33 under Notes to Accounts is self explanatory.</p> <p>Informative</p>
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<p>standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except for our comments under Opinion.</p> <p>e. As the company is a Government Company provision of Section 274 Subsection 1(g) of Companies Act, 1956 is not applicable.</p> <p>For SHARAD & ASSOCIATES Chartered Accountants Firm registration number: 06377S</p> <p>SHARAD SINHA Partner Membership No.: 202692</p> <p>Place: Hyderabad Date: 06.08.2012</p>	<p>For and on behalf of the Company</p> <p>G ANANTHA RAMU Chairman & Managing Director</p> <p>Place : Hyderabad Date : 06.08.2012</p>
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<p>Annexure referred to paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date</p> <p>Re: Central Power Distribution Company of A.P. Limited(the company)</p> <p>1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of tangible assets excepting land and assets acquired from 3 RESCOs and incorporated in the books of accounts during the year amounting to ₹ 17.17 crores.</p> <p>(b) As informed to us, the physical verification of tangible assets which was due in the last year in accordance with a phased programme of verifying all tangible assets once in three years has not been undertaken even during the year.</p> <p>(c) Assets disposed /scrapped during the year were not substantial so as to effect the going concern status of the company.</p> <p>2. (a) Management has conducted physical verification of stores, spare parts, components and other materials lying in main stores as also at Division/ Section offices during the year.</p> <p>(b) In our opinion, the procedure of physical verification followed by the management was reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>(c) Company has maintained proper records of stores, spare parts, components and other materials. In our opinion material discrepancy noticed in one of it’s stores have not been adjusted in the books of accounts.</p>	<p>Informative</p> <p>Noted</p> <p>Noted</p> <p>Informative</p> <p>Informative</p> <p>Investigation is in progress for the discrepancy noted in one Stores ; on completion of the same, necessary adjustments will be carried out in books of accounts.</p>
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<p>3. In our opinion and according to information and explanation given to us, company has not granted or taken loans, secured or unsecured , to or from parties covered in the register required to be maintained U/s 301 of the Companies Act,1956. Accordingly, reporting under this clause 4 (iii) (a) to (g) are not applicable.</p>	Noted
<p>4. In our opinion and according to information and explanation furnished to us there are adequate internal control procedures, commensurate with the size of the company and the nature of it's business for purchase of inventories, tangible assets and sale of services, however internal control systems in these areas needs to be strengthened with respect to SAP implementation and in our opinion there has been continuing failure to correct these major weakness.</p>	The observation is noted for future guidance.
<p>5. According to the information and explanations given to us, there were no transactions that need to be entered in the register maintained U/s 301 of the Companies Act, 1956. Accordingly, reporting under clause (v) (a) to (v) (b) is not applicable.</p>	Informative
<p>6. The company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.</p>	Noted
<p>7. In our opinion, the internal audit function carried out during the year by firms of chartered accountants appointed by the management is commensurate with the size of the company and the nature of it's business.</p>	Noted
<p>8. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records by company under section 209(1)(d) of the Companies Act,1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.</p>	Informative

<p>9. Undisputed statutory dues including provident fund ,ESI, income tax, sales tax ,wealth tax ,service tax ,customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities <i>though there have been delays in few cases, however with respect provident fund the company has not paid the contribution to it's own managed Trust on regular basis.</i></p>	<p>Informative</p>																														
<p>10. According to the records of the company, the dues outstanding of income tax ,sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:</p>	<p>Informative</p>																														
<table border="1"> <thead> <tr> <th>S.No.</th> <th>Name of the Statute</th> <th>Nature of Dues</th> <th>Amount (₹ .in Crores)</th> <th>Period to which the amount relates</th> <th>Forum where dispute is pending</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>A.P. Tax on Entry of Goods in Local Area Act, 2001</td> <td>Demand of Entry tax on Goods purchased from outside state</td> <td>33.25</td> <td>2002-2003</td> <td>Supreme Court of India</td> </tr> <tr> <td>2</td> <td>A.P. General Sales Tax Act, 1956</td> <td>Sales Tax</td> <td>1.34</td> <td>2001 to 2006</td> <td>AP Sales Tax Appellate Tribunal</td> </tr> <tr> <td>3</td> <td>A.P. VAT Act,2005</td> <td>VAT</td> <td>22.32</td> <td>2005 to 2008</td> <td>High Court of A P</td> </tr> <tr> <td>4</td> <td>Income Tax Act, 1961</td> <td>TDS</td> <td>93.26</td> <td>2006- to 2009</td> <td>CIT Appeals</td> </tr> </tbody> </table>	S.No.	Name of the Statute	Nature of Dues	Amount (₹ .in Crores)	Period to which the amount relates	Forum where dispute is pending	1	A.P. Tax on Entry of Goods in Local Area Act, 2001	Demand of Entry tax on Goods purchased from outside state	33.25	2002-2003	Supreme Court of India	2	A.P. General Sales Tax Act, 1956	Sales Tax	1.34	2001 to 2006	AP Sales Tax Appellate Tribunal	3	A.P. VAT Act,2005	VAT	22.32	2005 to 2008	High Court of A P	4	Income Tax Act, 1961	TDS	93.26	2006- to 2009	CIT Appeals	<p>Informative</p>
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4	Income Tax Act, 1961	TDS	93.26	2006- to 2009	CIT Appeals																										
<p>11. The company does not have accumulated losses in excess of fifty per cent of it's net worth nor the company has incurred cash losses in the financial year under audit or in the immediately preceding financial year.</p>	<p>Informative</p>																														
<p>12. Based on our audit procedure and as per the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution or banks.</p>	<p>Informative</p>																														
<p>13. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, other than housing loans to staff wherein mortgage of house property has been obtained by the company.</p>	<p>Informative</p>																														

<p>14. In our opinion, the company is not a chit fund or a nidhi /mutual benefit fund /society. Therefore, the provisions of clause 4 (xiii) of the order is not applicable to the company.</p>	<p>Informative</p>
<p>15. The company is not dealing or trading in shares, securities, debentures and other investments.</p>	<p>Informative</p>
<p>16. According to information and explanation given to us , company has not given any guarantee for loans taken by others from financial institution or banks.</p>	<p>Informative</p>
<p>17. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.</p>	<p>Informative</p>
<p>18. According to the information and explanations given to us and overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short term basis,Prima facie, have not been used for long term investment.</p>	<p>Informative</p>
<p>19. In our opinion and according to information and explanations furnished to us, company has not made preferential allotment of shares during the year to the parties listed in the register maintained U/s 301 of the Companies Act, 1956.</p>	<p>Informative</p>
<p>20. The company has not issued any debenture during the year nor any debentures outstanding as at the year end.</p>	<p>Informative</p>
<p>21. The company has not raised any money through issue of shares to the public during the year.</p>	<p>Informative</p>

<p>22. According to information and explanation given to us, we note that company is susceptible to frauds on the company owing to power theft and such frauds have been noticed and reported during the year however considering the fact that such matters are subjudice amount involved cannot be adjudged independently. Further, no frauds by the company has been noticed or reported during the year.</p> <p>For SHARAD & ASSOCIATES Chartered Accountants Firm registration number: 06377S</p> <p>SHARAD SINHA Partner Membership No.: 202692</p> <p>Place: Hyderabad Date: 06.08.2012</p>	<p>Informative</p> <p>For and on behalf of the Company</p> <p>G ANANTHA RAMU Chairman & Managing Director</p> <p>Place : Hyderabad Date : 06.08.2012</p>
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Annexure B to the Directors' Report

C & AG REPORT:

No. PAG(E&RSA)/ES-II(P)/APCPDCL/2012-13/ 85 Dated 27.09.2012

To

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

Sir,

Sub: Comments on the accounts of Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad for the year ended 31st March 2012.

* * *

I am to forward herewith Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956 on the accounts of your company for the year ended 31 March 2012 for necessary action.

- * The date of placing of Comments along with Annual Accounts and Auditors' Report before the Shareholders of the Company may be intimated and a copy of the proceedings of the meeting furnished.
- * The date of forwarding the Annual Report and the Annual Accounts of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislature may also be communicated,
- * Ten copies of the Annual Report for the year 2011-12 may be furnished in due course.

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

Yours faithfully,

Sd/-

PRINCIPAL ACCOUNTANT GENERAL (E&RSA)

Encl: As above.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad for the year ended 31st March, 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 06th August, 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

S. No.	COMMENT	COMPANY'S REPLY
1.	<p>Note on Disclosure</p> <p>The Company has not disclosed the fact that:</p> <p>₹ 5345.70 crore receivable from Government towards subsidy for High Cost of power etc., outstanding from 2008-09 onwards. The company stated that the Government of A.P had explicitly authorized APDISCOM to procure additional power by way of comfort letters and directed APDISCOM to raise short term loans. There was no clear commitment for reimbursement from the Government was made in their next budget i.e., 2010-11 year onwards.</p>	Noted

2.	<p>₹ 4343.80 crore towards Fuel Surcharge Adjustment Claims for the years 2009-10 to 2010-11 and 2011-12. The claim for the year 2009-10 is sub-judice and claims for the years 2010-11 and 2011-12 have been determined by APERC in its order dated 20.09.2012.</p> <p>For and on behalf of the Comptroller and Auditor General of India</p> <p>Sd/- K. R. SRIRAM Principal Accountant General (E&RSA)</p> <p>Place : Hyderabad Date : 27.09.2012</p>	<p>Noted</p> <p>For and on behalf of the Board of Directors</p> <p>Sd/- G. ANANTHA RAMU Chairman & Managing Director</p> <p>Place : Hyderabad Date : 28.09.2012</p>
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AUDITORS' REPORT

To
The Members of,
Central Power Distribution Company of Andhra Pradesh Limited
HYDERABAD

Report on the financial statements

We have audited the accompanying financial statements of Central Power Distribution Company of Andhra Pradesh Limited (the company), which comprise the balance sheet as at 31 March 2012, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for 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 accounting standards referred to in subsection(3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, subject to our comments under this heading and under the heading “Report on other legal and regulatory requirements” the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the balance sheet, of the state of affairs of the company as at 31 March 2012
- b. In the case of the statement of profit and loss, of the profit/loss for the year ended on that date, and
- c. In the case of the cash flow statement, of the cash flow for the year ended on that date

Further to our observations above we report that:

1. *Without qualifying our report we draw attention that the accounts of the company for the year ended 31st March, 2011 were audited and reported by another firm of Chartered Accountants vide their qualified report dated 21st July, 2011. The balances as at March 31, 2011 as per audited accounts, regrouped/reclassified where necessary, more so to comply with Revised Schedule VI of the Companies Act, 1956, have been considered as opening balances for the purpose of these financial statements.*

2. PURCHASE OF POWER:

- i. *Reference is invited to Note No. 4 of Notes Forming part of Financial Statements regarding the Third Transfer Scheme, in terms of which the Bulk Supply Undertaking and Power Purchase Agreements were transferred from APTRANSCO to Distribution Companies in specified ratio with effect from 09/06/2005 and subsequent revision of the ratio of allocation with effect from April 2008. In order to facilitate purchase and trading of power, the Government of Andhra Pradesh has constituted one apex committee and two subcommittees. The Transactions of Sale of Power, to the entities other than the four Distribution Companies and Purchase of Power as also allocation of Cost of Purchase of Power amongst the four Distribution Companies are subjected to audit by an Independent Firm of Chartered Accountants. The statements of purchase, sale and addition power subsidy as intimated by the Committee and certified by the independent firm of Chartered Accountants are incorporated in the Books of the Company and have been accepted by us. It may be mentioned that these Committees are not legal entities.*
- ii. *In Terms of GO. Ms. 53, Energy (Power III), April 28, 2008, more specifically defined in the Note No. 4 of Notes forming part of Financial Statements the Government of Andhra Pradesh has reallocated the power sharing among the all DISCOM's with retrospective effect from June 9, 2005, however no adjustments are carried out for the transactions already incorporated in the books of accounts till March 31, 2008 at the*

original ratio of allocation. The impact of such revision, if any, on the Financial Statements could not be ascertained.

3. CONSUMER CONTRIBUTION AND CAPITAL GRANTS:

- a. Reference is invited to Note No. 6(a) of Notes forming part of Financial Statements, that the company is crediting amounts received from the consumers and Government towards tangible assets directly to the reserves on receipt of the amount, even before the asset is created, which results in non identification of assets created out of such contribution. The adjustments for depreciation to total assets are made on the basis of proportionate value of the assets to the Consumer contributions instead of to the individual assets built out of the Consumer Contributions and Government Grants. Assets yet to be created out of these funds could not be ascertained however depreciation has been written back to the Statement of Profit and Loss in proportion to the consumer contribution. The Impact on the financial statements could not be ascertained.
- b. Amount collected from consumer towards burnt meter is credited to deposits account classified under current liabilities instead of treating it as reserves (consumer contribution) when the meter is put to use. This will ensure devolution of meter with consequent effect of writing back the consumer contribution (Gross Block Less Amortization of Consumer contribution), however the company is not writing off the contribution made by the consumer towards the old meter including amortization of such charges in the books of accounts. The impact of such incorrect accounting practice on the financial statements could not be ascertained.

4. TANGIBLE ASSETS AND DEPRECIATION ON TANGIBLE ASSETS:

i. Tangible Assets:

- a. Tangible Assets created out of the capital work orders and put to use as at March 31, 2012 has not been capitalized in the books as the work completion certificate were not furnished and work order was not closed resulting in non-compliance with Accounting Standard – 10 “Accounting for Fixed Assets”. The impact of these on the financial statements and consequential effect on depreciation could not be ascertained.
- b. Capitalization of employee cost of ₹ 49.92 Crores (Previous year ₹49.26Crores) and Administrative and General Expenses of ₹ 8.80crore (Previous year ₹8.69 crores) is being carried out at 10% on the cost of capital works, more specifically detailed in Note No. 3 (vi)(a) of Notes forming part of Financial Statements, instead of capitalizing the directly attributable costs in accordance with Accounting Standard – 10, ‘Accounting for Fixed Assets’. The impact of these on the Financial Statements could not be determined.
- c. It was observed that defective meters which are being replaced with new meters are not being devoluted from the SAP accounting system and there is no subsequent tracking of such devoluted meters, this results in asset being carried in the books inspite of non-existence. Furthermore it was observed that new meters installed in lieu of the defective

meters are reduced from the stock but the same is not being capitalized, thus resulting in non-adherence to the Accounting Standard 10 – "Accounting for fixed assets". The impact on the Financial Statements and the consequential effect on the depreciation could not be ascertained.

ii. Depreciation on Tangible Assets:

- a. It was observed that incorrect depreciation is being calculated in SAP accounting system for the new assets created during the year since depreciation is being calculated from the 1st date of capitalization even for the subsequent addition made under that asset code which was created during the year. The impact on the financial statements could not be ascertained.
- b. It was observed that Price variation arising on account of difference between prices specified in purchase order and actual material cost being charged to the statement of profit and loss. This results in understatement of tangible assets as the most of the inventories is used for purpose of creation of tangible assets, understatement of profits and understatement of carrying cost of inventories.

5. INVENTORIES:

- a. Physical verification of inventories carried out by the management during the year has detected the value of shortage and obsolete/non-moving/slowmoving stores to the tune of ₹13.26 Crores (Previous Year ₹ 14.83 Crores) ₹ 32.39 Crores (Previous year ₹ 36.72 Crores) is being provided towards Recovery and write off of Inventories as at March 31, 2012. This has resulted in understatement of accumulated Loss by ₹19.13 Crores (Previous year ₹ 21.89 Crores) and understatement of inventories to that extent.
- b. Testing Charges amounting to ₹ 1.17 Crores (Previous Year ₹ 1.80 Crores) and other incidental material handling charges amounting to ₹ 2.44 Crores (Previous year ₹ 2.10 Crores) incurred towards in acquisition of inventories has not been included in the inventory cost instead being charged to the Statement of Profit and Loss which is not in accordance with Accounting Standard - 2 "Valuation of Inventories ". This results in understatement of profit and understatement of value of inventories by ₹3.61 Crores (Previous Year ₹ 3.90 Crores).

6. TRADE RECEIVABLES:

Trade Receivables include amounts with regard to of cases filed in the Court amounting to ₹ 307.33 Crores (Previous years ₹280.76 Crores), Revenue Recovery Act ₹ 35.46 Crores (Previous year ₹ 46.81 Crores) and Disconnected/Bill Stopped Services ₹ 256.50 Crores (Previous year ₹ 204.90 Crores) totaling in all to ₹599.29 Crores (Previous year ₹ 532.68 Crores) as against the existing provision of ₹505.46 Crores (previous year ₹434.84 Crores). In the absence of any accounting policy for making provision for sundry debtors, we are unable to comment on the adequacy of the provision for doubtful debts.

7. OTHER RECEIVABLES:

RESCO Receivables includes Staff advance, Deposits, Miscellaneous Assets amounting to ₹ 0.51 Crores, the details thereof is not in possession of the company thus in our opinion the same is not recoverable. Accordingly assets are being overstated by ₹ 0.51 Crores and profit is overstated to the same extent.

8. AMALGAMATION OF RESCO's IN THE BOOKS:

Reference is invited to Note No. 32 Notes forming part of financial statements with reference to accounting for merger of RESCO's, the company has, during the year given effect to the merger scheme of 3 RESCO's of kadiri east, kadiri west and Sanjay, Jogipet, however in our opinion:

- a. Tangible Assets are incorporated at WDV to tune of ₹ 17.17 Crore as valued on the date of merger and not at original cost with corresponding accumulated depreciation. In this context it is pertinent to note that these assets have vested with the company in year 2004-05, however no depreciation till the date of balance sheet has been charged in the books of accounts. Furthermore, company has not carried out physical verification of these assets to ascertain existence, impairment and useful life of the assets. The impact of these on the financial statements could not be ascertained.*
- b. The company has incorporated the value of inventories to the tune of ₹ 0.30 Crores (net off provision- RESCO's) which has not been accounted in the stores accounting system nor the company has carried out physical verification of these stores items to ascertain existence, location and obsolescence of the inventories.*
- c. The company has incorporated the trade receivables to the tune of ₹ 13.64 Crores (Net off Provision-RESCO's), recoverability of which in our opinion is doubtful considering the identity, legal tenability and resources available with the company.*
- d. The company as per the Chartered Accountants report has incorporated ₹ 83.13 Crores as receivables from Government of Andhra Pradesh towards difference between assets and liabilities taken over of RESCO's. In our opinion the claim needs to accept by the Government of Andhra Pradesh. This may have effect in the accounts if the government rejects the claim.*

9. CASH & BANK BALANCES:

Balances with Scheduled Banks in current accounts include un-reconciled items and there are unidentified credits in the bank accounts for ₹ 2.95 crores (previous year ₹ 7.92 crore). The impact of the above on the Profit & Loss, Assets and Liabilities could not be determined.

10. PROVISIONS:

Reference is invited Note No. 9 (c) & 12(d)(i) of Notes forming part of financial statements, where it is stated that provision of Pension, Gratuity and Leave encashment for the eligible employees has been provided in the books based on the actuarial valuation for the year ended March 31, 2011 and no certified actuarial valuation has been carried

out for the year ended March 31, 2012, hence in our opinion, provision made for the year ended March 31, 2012 is not in accordance with Accounting Standard – 15, Employee Benefits (Revised). The impact on the financial statements could not be determined.

11. NET REVENUE FROM SALE OF POWER:

A sum of ₹ 2258 crores (Previous year ₹1408 crores) is accounted as Fuel Surcharge Adjustment recoverable from the Consumers, based on the advice given by the Andhra Pradesh Power Coordination Committee (APPCC), which is subject to the approval of the Andhra Pradesh Electricity Regulatory Commission (APERC). This may have effect on the accounts if the approval of the APERC is at variance with the calculations adopted by the APPCC.

12. It was observed that interest on electricity duty billed and recovered from consumers has been accounted as income amounting to the tune of ₹3.21 Crores (Previous year ₹ 2.40 Crore) instead of passing it on to the Government of Andhra Pradesh. It is pertinent to note that electricity duty being statutory levy, the authority to levy such interest arises from Andhra Pradesh Electricity duty Act, 1939 read with Section 24 (1) of Indian Electricity Act, 1910; hence the same cannot form part of income of the company even though the company is prompt in making the payment of electricity duty. Accordingly profit is being overstated and accordingly liability is understated to the extent of ₹3.21 Crores (Previous year ₹ 2.40 Crores).
13. It was observed that the recoveries from employees towards Group Insurance Scheme and from non provincial staff towards GPF are being utilized towards operation of the company.
14. The Company has not obtained confirmations of balances from Sundry Creditors, financial institutions and other parties in respect of Loans, Advances, and Current Liabilities. Balances under these heads are subject to reconciliation and review. The impact, if any that may result on reconciliation and review of the balances under various heads in Assets and Liabilities could not be determined.
15. We are informed that the Company is in the process of collecting the information relating the Small and Micro units rendering service or supplying goods to the Company. Hence we are not able to determine that whether there was delay in making payment and interest for the delay as required under MSME Act, 2006.

16. We are of the opinion that the unascertained amount is much higher than the ascertained amount that will have an effect on the Profit, Assets and Liabilities and furnishing the aggregate effect of only the ascertained amounts will not be appropriate. Hence we are not furnishing the aggregate effect of the ascertained amount on the profit, assets and liabilities.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - c. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except for our comments under Opinion.
 - e. As the company is a Government Company provision of Section 274 Subsection 1(g) of Companies Act, 1956 is not applicable.

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

Sd/-
SHARAD SINHA
Partner
Membership No.: 202692

Place: Hyderabad
Date: 06.08.2012

Annexure referred to paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date**Re: Central Power Distribution Company of A.P. Limited(the company)**

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of tangible assets *excepting land and assets acquired from 3 RESCOs and incorporated in the books of accounts during the year amounting to ₹17.17 crores.*
 - (b) As informed to us , the physical verification of tangible assets which was due in the last year in accordance with a phased programme of verifying all tangible assets once in three years *has not been undertaken even during the year.*
 - (c) Assets disposed /scrapped during the year were not substantial so as to effect the going concern status of the company.
2. (a) Management has conducted physical verification of stores, spare parts, components and other materials lying in main stores as also at Division/ Section offices during the year.
 - (b) In our opinion, the procedure of physical verification followed by the management was reasonable and adequate in relation to the size of the company and the nature of it’s business.
 - (c) Company has maintained proper records of stores, spare parts, components and other materials. In our opinion material discrepancy noticed in one of it’s *stores have not been adjusted in the books of accounts.*
3. In our opinion and according to information and explanation given to us, company has not granted or taken loans, secured or unsecured , to or from parties covered in the register required to be maintained U/s 301 of the companies Act,1956. Accordingly, reporting under this clause 4 (iii) (a) to (g) are not applicable.
4. In our opinion and according to information and explanation furnished to us there are adequate internal control procedures, commensurate with the size of the company and the nature of it’s business for purchase of inventories, tangible assets and sale of services, however internal control systems in these areas needs to be strengthened with respect to SAP implementation and in our opinion there has been continuing failure to correct this major weakness.
5. According to the information and explanations given to us ,there were no transactions that need to be entered in the register maintained U/s 301 of the Companies Act,1956. Accordingly, reporting under clause (v) (a) to (v) (b) is not applicable.
6. The company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of Companies Act,1956 and the Companies(Acceptance of Deposits) Rules,1975.

7. In our opinion, the internal audit function carried out during the year by firms of chartered accountants appointed by the management is commensurate with the size of the company and the nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records by company under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
9. Undisputed statutory dues including provident fund, ESI, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities *though there have been delays in few cases, however with respect provident fund the company has not paid the contribution to its own managed Trust on regular basis.*
10. According to the records of the company, the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

S.NO.	Name of the Statute	Nature of Dues	Amount ₹ in crores	Period to which the amount relates	Forum where dispute is pending
1	A.P. Tax on Entry of Goods in Local Area Act, 2001	Demand of Entry tax on Goods purchased from outside state	33.25	2002-2003	Supreme Court of India
2.	A.P. General Sales Tax Act, 1956	Sales Tax	1.34	2001 to 2006	AP Sales Tax Appellate Tribunal
3	A.P. VAT Act, 2005	VAT	22.32	2005 to 2008	High Court of A.P.
4	Income Tax Act, 1961	TDS	93.26	2006 to 2009	CIT Appeals

11. The company does not have accumulated losses in excess of fifty per cent of its net worth nor the company has incurred cash losses in the financial year under audit or in the immediately preceding financial year.
12. Based on our audit procedure and as per the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution or banks.
13. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, other than housing loans to staff wherein mortgage of house property has been obtained by the company.

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

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

Sd/-
SHARAD SINHA,
Partner
Membership No.: 202692
Place: Hyderabad
Date: 06.08.2012



CENTRAL POWER DISTRIBUTION COMPANY OF A. P. Ltd.,
BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Note No.	As at March 31, 2012 ₹	As at March 31, 2011 ₹
I. EQUITY AND LIABILITIES			
ఈక్విటీ మరియు అప్పులు			
1 Shareholders' funds (వాటా దారుల నిధి)			
(a) Share capital	5	7,284,796,090	7,284,796,090
వాటా మూలధనము			
(b) Reserves and surplus	6	14,693,247,850	12,708,735,608
నిధి మరియు మిగులు			
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
ప్రస్తుతేతర అప్పులు			
(a) Long-term borrowings	7	26,487,027,913	19,270,120,382
దీర్ఘకాలిక రుణములు			
(b) Deferred tax liabilities (Net)		-	-
వాయిదా వేయబడిన పన్ను			
(c) Other Long term liabilities	8	1,424,030,769	993,747,689
ఇతర దీర్ఘకాలిక అప్పులు			
(d) Long-term provisions	9	3,042,567,903	1,441,108,053
దీర్ఘ కాలిక కేటాయింపులు			
4 Current liabilities (ప్రస్తుత అప్పులు)			
(a) Short-term borrowings	10	40,172,087,013	34,908,454,604
స్వల్ప కాలిక రుణములు			
(b) Trade payables	11	52,754,656,384	32,963,944,761
వ్యాపార నిమిత్తం చెల్లింపులు			
(c) Other current liabilities	12	20,474,280,090	17,700,162,652
ఇతర ప్రస్తుత అప్పులు			
(d) Short-term provisions	13	1,878,835,440	1,077,086,794
స్వల్ప కాలిక కేటాయింపులు			
TOTAL (మొత్తము)		168,211,529,452	128,348,156,633

II. ASSETS (ఆస్తులు)**1 Non-current assets**

ప్రస్తుతేతర ఆస్తులు

(a) Fixed assets (స్థిర ఆస్తులు)	14		
(i) Tangible assets		36,696,726,456	31,181,739,609
స్పర్శ చరమైన ఆస్తులు			
(ii) Intangible assets		38,695,114	53,623,875
అస్పృశ్య ఆస్తులు			
(iii) Capital work-in-progress		7,412,002,317	6,960,720,601
జరుగుచున్న పనులపై పెట్టుబడులు			
(iv) Intangible assets under development		-	-
(b) Non-current investments	15	1,744,542,606	1,209,442,606
ప్రస్తుతేతర పెట్టుబడులు			
(c) Deferred tax assets (net)	16	616,210,173	642,222,848
వాయిదా వేయబడిన పన్ను			
(d) Long-term loans and advances	17	548,189,402	1,077,170,080
దీర్ఘ కాలిక అప్పులు మరియు బయానాలు			
(e) Other non-current assets	18	59,586,413	69,955,282
ఇతర ప్రస్తుతేతర ఆస్తులు			

2 Current assets (ప్రస్తుత ఆస్తులు)

(a) Current investments		-	-
ప్రస్తుత పెట్టుబడులు			
(b) Inventories	19	2,097,070,041	1,884,552,200
సరకు నిల్వ			
(c) Trade receivables	20	11,299,715,313	9,005,389,964
వ్యాపార నిమిత్తం రాబడులు			
(d) Cash and cash equivalents	21	1,278,497,452	1,620,277,929
నగదు నిల్వ			
(e) Short-term loans and advances	22	53,461,249,397	44,468,951,519
స్వల్పకాలిక అప్పులు మరియు బయానాలు			
(f) Other current assets	23	52,959,044,768	30,174,110,120
ఇతర ప్రస్తుత ఆస్తులు			

TOTAL (మొత్తము)		168,211,529,452	128,348,156,633
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Notes Forming part of Financial Statements 1-40*Schedules Referred to above and noted attached thereto form integral part of balance sheet*

As per our report of even date

For SHARAD & ASSOCIATES

For and on Behalf of Board of Directors

Chartered Accountants

Firm Reg No. 06377S

Sd/-
SHARAD SINHA
Partner
M. No 202692

Sd/-
G. ANANTHA RAMU
Chairman & Managing Director

Sd/-
P. RAJAGOPAL REDDY
Director (Finance)

Date:06.08.2012

Sd/-
K. PREMANANDA RAO
Chief General Manager(Finance)

Sd/-
K. SUJATHA
Company Secretary

Place: Hyderabad



CENTRAL POWER DISTRIBUTION COMPANY OF A. P. Ltd.,
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	2011-12 ₹	2010-11 ₹
I. Revenue from operations నిర్వహణ ద్వారా రివిన్యూ	24	148,627,194,006	117,608,689,933
II. Other income ఇతర ఆదాయము	25	2,694,701,083	2,410,221,832
III. Total Revenue మొత్తం రివిన్యూ		151,321,895,089	120,018,911,765
IV. Expenses: (వ్యయము)			
Power Purchase Expense విద్యుత్తు కొనుగోలు	26	126,756,743,366	101,732,682,583
Employee benefits expense ఉద్యోగుల జీత భత్యాలు	27	8,305,171,550	6,097,834,022
Operation and Other Expenses నిర్వహణ మరియు ఇతర ఖర్చులు	28	2,754,429,651	2,406,812,320
Finance Costs ఆర్థిక వ్యయములు	29	9,355,019,892	5,799,357,265
Depreciation and amortization expense తరుగుదల	14	3,903,531,766	3,263,262,341
Total expenses (మొత్తము వ్యయము)		151,074,896,225	119,299,948,531
V. Profit before exceptional and extraordinary items and tax (III-IV) పన్ను, ఎక్స్‌షన్‌ల మరియు అతీతములకు ముందు లాభము		246,998,864	718,963,234
VI. Exceptional items ఎక్స్‌షన్‌ల ఐటమ్స్	30	167,732,850	611,688,262
VII. Profit before extraordinary items and tax (V - VI)		79,266,014	107,274,972
VIII. Extraordinary Items అతీతములు		-	-
IX. Profit before tax (VII- VIII) పన్నుకు ముందు లాభము		79,266,014	107,274,972

X	Tax expense: పన్ను వ్యయము		
	(1) Current tax ప్రస్తుత పన్ను	12,770,324	24,390,778
	(2) Deferred tax వాయిదా వేయబడిన పన్ను	26,012,674	51,585,414
XI	Profit (Loss) for the period from continuing operations (VII-VIII)	40,483,016	31,298,780
	నికర లాభము		
XII	Profit/(loss) from discontinuing operations	-	-
XIII	Tax expense of discontinuing operations	-	-
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)	-	-
XV	Profit (Loss) for the period (XI + XIV)	40,483,016	31,298,780
	నికర లాభము		
XVI	Earnings per equity share:		
	(1) Basic	0.056	0.043
	(2) Diluted	0.056	0.043

Notes Forming part of Financial Statements 1- 40

Schedules Referred to above and noted attached thereto form integral part of Statement of Profit & Loss

As per our report of even date

For SHARAD & ASSOCIATES
Chartered Accountants
 Firm Reg No. 06377S

For and on Behalf of Board of Directors

Sd/-
 SHARAD SINHA
 Partner
 M. No 202692

Sd/-
 G. ANANTHA RAMU
 Chairman & Managing Director

Sd/-
 P. RAJAGOPAL REDDY
 Director (Finance)

Date:06.08.2012
 Place: Hyderabad

Sd/-
 K. PREMANANDA RAO
 Chief General Manager(Finance)

Sd/-
 K. SUJATHA
 Company Secretary



CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Year Ended 31st March, 2012		Year Ended 31st March, 2011	
	₹	₹	₹	₹
A. Cash flows from operating activities:				
Net Profit before tax	79,266,014		107,274,972	
Adjustments :				
Add: Depreciation	3,903,531,766		3,263,262,340	
Add: Interest on Long Term Borrowings	2,589,387,896		1,839,117,614	
Less: Withdrawal of Depreciation on Consumer Contributed Assets	1,702,191,043		1,440,543,994	
Operating profit before working capital changes	4,869,994,633		3,769,110,932	
Changes in Working Capital :				
Increase/Decrease in Non-Current Liabilities				
Increase in Other Long Term Liabilities	430,283,080		(106,747,824)	
Increase in Long-term Provisions	1,601,459,850		45,585,171	
Increase/Decrease in Current Liabilities				
Increase in Short-term Borrowings	5,263,632,409		9,096,077,739	
Increase in Trade Payables	19,790,711,623		5,079,242,770	
Increase in Other Current Liabilities	2,774,117,436		3,169,579,477	
Increase in Short-term Provisions	801,748,646		237,524,815	
Increase/Decrease in Non-Current Assets				
Decrease in Long-term Loans & Advances	196,036,846		(854,224,595)	
Decrease in Other non-current Assets	10,368,871		16,846,195	
Increase/Decrease in Current Assets				
Increase in Inventories	(212,517,841)		(1,258,863,310)	
Increase in Trade Receivables	(2,294,325,348)		(3,276,600,889)	
Increase in Short-term Loans & Advances	(8,992,297,879)		244,306,105	
Increase in Other Current Assets	(22,794,495,336)		(15,742,193,659)	
Cash generated from operations	1,444,716,990		419,642,928	
Income taxes Paid	(12,770,324)		(24,390,778)	
Net cash flow before extraordinary item	1,431,946,666		395,252,150	
Net Cash from Operating Activities		1,431,946,666		395,252,150

B. Cash flows from investing activities:			
Purchases/Adjustments relating to Fixed assets	(9,403,589,853)		(6,590,669,551)
Increase in Capital Work in Progress	(451,281,716)		(907,406,503)
Increase in Non Current Investments	(535,100,000)		(494,597,300)
Interest Accrued on Investments	9,560,689		7,189,582
Decrease in Capital Advances	332,943,832		421,382,383
Net cash flow from investing activities		(10,047,467,048)	(7,564,101,390)
C. Cash flows from financing activities:			
Increase in Long-term borrowings	7,216,907,531		6,120,871,629
Increase in Consumer Contributions	3,617,766,984		2,609,629,569
Interest paid on Long Term Borrowings	(2,589,387,896)		(1,839,117,614)
Increase in Contingency Reserve	22,485,305		19,298,847
Increase in GIS Saving Fund	5,967,980		4,833,349
Net cash used in financing activities		8,273,739,904	6,915,515,780
Net Increase/ Decrease in cash and cash equivalents during the year		(341,780,477)	(253,333,460)
Cash and cash equivalents at the beginning of the year		1,620,277,929	1,873,611,387
Cash and cash equivalents at the end of the year		1,278,497,452	1,620,277,929

As per our report of even date

For SHARAD & ASSOCIATES
Chartered Accountants
 Firm Reg No. 06377S

For and on Behalf of Board of Directors

Sd/-
 SHARAD SINHA
Partner
 M. No 202692

Sd/-
 G. ANANTHA RAMU
Chairman & Managing Director

Sd/-
 P. RAJAGOPAL REDDY
Director (Finance)

Date:06.08.2012
 Place: Hyderabad

Sd/-
 K. PREMANANDA RAO
Chief General Manager(Finance)

Sd/-
 K. SUJATHA
Company Secretary



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

Notes to financial statements for the year ended 31st March, 2012

1. Company Overview

Central Power Distribution Company Andhra Pradesh Limited was incorporated under the Companies Act 1956 as a public limited company under the second transfer scheme notified by the Government of Andhra Pradesh (GoAP) (vide G.O.Ms.No.35, Energy (Power-II) dated 31-03-2000), 30-03-2000 to carry on the business of distribution and retail supply of power in the geographical spread of districts in Andhra Pradesh and commenced commercial operations from 01-04-2000. Company is a government company as defined under section 619 of the Companies Act, 1956 and company is not listed under in any stock exchange.

2. Basis of preparation

The financial statements are prepared under the historical cost convention on accrual basis, in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) and mandatory accounting standards as prescribed in the Companies (Accounting Standard) Rules, 2006 the provision of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto is use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

3. Significant accounting policies

i) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31 2012, the revised Schedule VI notified by under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. It has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

ii) Use of estimates

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

iii) Cash flow statement

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

iv) Revenue recognition**a) Sale of Power:**

- i) Revenue from Sale of Power is accounted for based on demand raised on consumers. Tariff rates for sale of power are as per Tariff Order of The Andhra Pradesh Electricity Regulatory Commission as approved for the year.
- ii) Unbilled Revenue, including Delayed Payment Surcharge, as at the end of the financial year is provided in the books of accounts on 'estimation basis'.
- iii) Bills raised for theft of energy, whether on a consumer or an outsider are not recognized in full until the final assessment order is received from the competent authority of the Company. The amount received against initial assessment is treated as "Other Deposits".
- iv) Sale of Power under open access mechanism is entered into by APPCC on behalf of the company in terms of swap arrangements entered into with other traders/developers. The terms of swap transactions are to get back/return the power @ 105% of the power lent/borrowed.

b) Other Income

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

v) Fixed assets

Fixed Assets of the Company are stated in the books of account and disclosed in annual accounts at Historical Cost, which includes incidental cost related to acquisition and installation. Intangible assets are recognized as per the criteria specified in Accounting Standard-26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

vi) Capital work in progress

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

- a) Ten percent of the Cost of Capital Works capitalized to Capital Works towards Employee Cost and Administration & General Expenses, as the Operation Circles are executing both Capital Works and Operation & Maintenance Works and it is not practicable to maintain records to identify the man hours spent by the staff on Capital Works.

b) Interest relating to construction period is calculated based on the average interest rate of loans drawn under a Scheme and capitalized. The interest is calculated from the date of expenditure incurred on respective Work Orders of the Scheme.

vii) Consumers contributions, grants and subsidies for capital assets

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

viii) Investments

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

ix) Inventories

Inventories are valued at lower of cost and net realizable value. Cost is determined on weighted average basis. Cost includes insurance, freight, taxes and all other incidental expenses incurred to bring the inventories up to the Stores.

x) Depreciation

- Depreciation on Fixed Assets is provided under the 'Straight Line Method' upto 90% of the original cost of assets, at the rates notified by the Ministry of Power, Government of India vide Notification No. S.O.266 (E) dated 29th March, 1994.
- Depreciation is calculated from the date of capitalisation or procurement of the asset.
- In respect of the following Assets the rates applied as per MoP are different from rates prescribed under Schedule XIV of Companies Act, 1956-

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

xi) Employee benefits**a) Short term employee benefits**

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

b) Long term employee benefits**Defined contribution plans**

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

Defined benefit plans

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

Other employee benefits

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

xii) Taxes on income

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

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

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which

such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax.

xiii) Provision and contingencies

The company recognizes a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date and adjusted to reflect management's current estimates.

xiv) Earnings per share

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

xv) Accounting for Amalgamation

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

xvi) Borrowing Cost

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

4. THIRD TRANSFER SCHEME BALANCES

(a) The Government of Andhra Pradesh (GoAP) vide G.O.Ms. No.58, Energy (Power-III), dated: 07-06-2005 notified the transfer of Bulk Supply Undertaking and Power Purchase Agreements from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to the four Distribution Companies (DISCOMs), in specified ratios, as on 09-06-2005. The

share of the Company in generation capacities of all generating stations allocated to the four DISCOMS is 43.48%.

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

The Accounting of Purchase of Power as disclosed in the Note No. 26 is based on the revised share of 46.06%.

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



CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

5 - SHARE CAPITAL

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

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Authorised 1000000000 Equity Shares of ₹ 10 each	10,000,000,000	10,000,000,000
Issued, Subscribed & Paid up 72,84,79,609 Equity Shares @ ₹ 10 each (Previous Year 72,84,79,609 Equity Shares @ ₹ 10 Each)	7,284,796,090	7,284,796,090
Total	7,284,796,090	7,284,796,090

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

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
Opening Balance	728,479,609	7,284,796,090	728,479,609	7,284,796,090
Additions	-	-	-	-
Bought back	-	-	-	-
Closing Balance	728,479,609	7,284,796,090	728,479,609	7,284,796,090

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

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Government of Andhra Pradesh (Vide GO. Ms.No.58 Dt:09.06.2005)	728,479,609	100%	728,479,609	100%
Total	728,479,609	100%	728,479,609	100%

C. Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Entire equity shares are held by the Government of Andhra Pradesh.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

6 - RESERVES & SURPLUS

Reserves & Surplus	As at March 31, 2012	As at March 31, 2011
	₹	₹
a. Consumer Contribution towards capital assets		
Opening Balance	16,528,405,187	14,466,375,618
(+) Current Year Transfer	3,490,845,725	2,062,029,569
Closing Balance	20,019,250,912	16,528,405,187
b. Subsidies towards cost of capital assets		
Opening Balance	714,813,781	714,963,781
(+) Current Year Transfer	-	(150,000)
Closing Balance	714,813,781	714,813,781
c. Grants/Donations Towards Cost of Capital Assets		
Opening Balance	2,546,392,599	1,998,642,599
(+) Current Year Transfer	126,921,259	547,750,000
Closing Balance	2,673,313,858	2,546,392,599
Total (Closing balance of a+b+c)	23,407,378,551	19,789,611,567
Less: Withdrawal towards cost of capital assets	(7,950,058,930)	(6,247,867,886)
Total	15,457,319,621	13,541,743,681
d. GIS - Insurance & Saving fund		
Opening Balance	24,775,073	19,941,724
(+) Current Year Transfer	5,967,981	4,833,349
	30,743,054	24,775,073
e. Statutory Reserves		
Contingency Reserve Fund		
Opening Balance	288,374,414	269,075,567
(+) Current Year Interest received & Reinvested	22,485,305	19,298,847
Closing Balance	310,859,719	288,374,414
f. Surplus		
Opening balance	(1,146,157,560)	(1,177,456,340)
(+) Net Profit/(Net Loss) For the current year	40,483,016	31,298,780
Closing Balance	(1,105,674,544)	(1,146,157,560)
Total	14,693,247,850	12,708,735,608

g. During the year 2011-12, the Company has received Consumer Contribution (including Subsidies, Grants and Donations towards Cost of Capital Assets) amounting to ₹ 361.78 Crores (Previous year ₹ 260.96 Crores). In proportion in which depreciation on the concerned assets has been charged during the year 2011-12, an amount of ₹ 170.22 Crores (Previous year ₹ 144.05 Crores) has been treated as withdrawal from consumer contribution and credited to Profit and Loss Account.

h. **GIS Insurance & savings fund:** With effect from 01.07.1985 Employees Group Insurance Scheme was introduced in the place of erstwhile Family Benefit Fund Scheme. As per the said Scheme the contributions of the Employees consists of two portions, the Insurance portion and the Savings portion. The future liability of the Company as per the said Scheme could not be ascertained. The closing balance of the Savings Fund held as on 31.03.2012 is ₹ 3.17 Crores (Previous Year ₹ 2.53 Crores). The Closing balance of GIS Insurance Fund as at 31.03.2012 is ₹ 0.09 Crores Debit balance (Previous year ₹ 0.05 Crores Debit Balance).

During the year the Interest on Savings & insurance Fund of ₹ 0.66 Crores (Previous Year ₹ 0.64 Crores) has been debited and is shown under the Head 'Interest and Finance Charges'.

7 - LONG TERM BORROWINGS

<u>Long Term Borrowings</u>	As at March 31, 2012	As at March 31, 2011
	₹	₹
<u>Secured</u>		
Term loans		
from banks	12,980,702,850	7,080,536,190
from other parties	12,822,950,288	11,506,209,417
	25,803,653,138	18,586,745,607
<u>Unsecured</u>		
Bonds/debentures - APSEB Bonds 2004 Series (Maturity Date - July 11, 2014)	367,500,000	367,500,000
Loan from Government of Andhra pradesh	315,874,775	315,874,775
	683,374,775	683,374,775
Total	26,487,027,913	19,270,120,382

a. Secured Term Loans from Banks includes

<u>Secured term Loans from banks</u>	As at March 31, 2012	As at March 31, 2011
	₹	₹
Syndicate Bank (Hyp of Transmission & Distribution Lines and Sub Stations)	2,037,750,000	1,644,750,000
Canara Bank (Hyp of High Voltage Distribution System)	438,400,000	490,000,000
Canara Bank (Hyp of Transmission & Distribution Lines and Sub Stations)	950,000,000	350,000,000
State Bank of Hyderabad (Hyp of Transmission & Distribution Lines)	1,999,952,865	1,999,952,865
Corporation Bank (Hyp of Metering Equipments)	1,750,000,000	750,000,000
Karnataka Bank (Hyp of Transmission & Distribution Lines)	212,499,985	295,833,325
State Bank of Hyderabad (Long Term Working Capital)	1,500,000,000	1,500,000,000
Canara Bank (Long Term Working Capital)	650,000,000	50,000,000
Syndicate Bank (Hyp of Transmission & Distribution Lines)	3,442,100,000	-
Total	12,980,702,850	7,080,536,190

b. Secured term Loans from Others includes

<u>Secured term Loans from Others</u>	As at March 31, 2012	As at March 31, 2011
	₹	₹
Rural electrification corporation (guaranteed by Government of Andhra pradesh)	9,566,933,064	8,087,460,580
Power Finance Corporation (Hyp of Future Assets)	3,256,017,224	3,418,748,837
Total	12,822,950,288	11,506,209,417

c. Repayment Schedule of Term Loan

S No	Name Of The Bank	Loan Drawn in ₹	ROI	Repayment Periodicity	Tenure	No Of Installment	No Of Installment Due	Repayment Due Date	No Of Installment Paid	Mortorium Period	Each Installment in ₹
1	Canara Bank (Hyp of High Voltage Distribution System)	570,000,000	11.75%	Quarterly	13 Years	40	38	30.11.2011	2	3 years	40,000,000
2	Canara Bank (Hyp of Transmission & Distribution Lines and Sub Stations)	950,000,000	11.15%	Quarterly	13 Years	40	40	26.02.2013	0	3 years	31,000,000
3	Syndicate Bank (Hyp of Transmission & Distribution Lines and Sub Stations)	2,470,000,000	11.15%	Quarterly	12 Years	40	37	29.09.2011	3	2 years	61,750,000
4	Corporation Bank (Hyp of Metering Equipments)	1,750,000,000	12.00%	Quarterly	13 Years	40	40	30.07.2013	0	3 years	50,000,000
5	Karnataka Bank (Hyp of Transmission & Distribution Lines)	400,000,000	12.25%	Monthly	7 Years	72	57	31.01.2011	15	1 years	6,944,445
6	SBH(Hyp of Transmission & Distribution Lines)	2,000,000,000	11.75%	Quarterly	13 Years	40	40	31.07.2013	0	3 years	50,000,000
7	SBH(Long Term Working Capital)	1,500,000,000	12.00%	3 Installments	42 Months	3	3	31.12.2013	0	3 years	500,000,000
8	Syndicate Bank (Hyp of Transmission & Distribution Lines)	3,442,100,000	11.50%	Quarterly	13 years	40	40	30.05.2014	0	3 years	88,750,000
9	Canarabank (Long Term Working Capital)	650,000,000	11.00%	4 Installments	35 Months	4	4	28.02.2013	0	23 months	375,000,000
	Total	13,732,100,000									1,203,444,445

8 - OTHER LONG TERM LIABILITIES

<u>Other Long Term Liabilities</u>	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Employee liabilities	4,478,472	5,773,796
(b) Vendor Deposits	931,439,383	639,180,579
(c) Contribution Works	342,510,096	302,772,022
(d) Bid deposit	45,696,474	31,393,241
(e) Other Liabilities	99,906,344	14,628,051
Total	1,424,030,769	993,747,689

9 - LONG TERM PROVISIONS

<u>Long Term Provisions</u>	As at March 31, 2012	As at March 31, 2011
	₹	₹
Provision for employee benefits		
Gratuity (unfunded)	107,571,864	75,418,769
Leave Encashment (unfunded)	2,934,996,039	1,365,689,284
Total	3,042,567,903	1,441,108,053

a. During the year an amount of ₹ 18.40 Crores (Previous Year ₹ 18.96 Crores) has been incurred towards Leave Encashment by way of direct debit to Provision for Leave Encashment Account.

b. Further, during the year the Company has carried out Actuarial Valuation of Leave Encashment. The Company has made a provision of ₹ 175.34 towards Leave Encashment during the year (Previous Year ₹ 20 Crores) based on actuarial valuation report for the year ended March 31, 2011

c. Employees who have joined on or after 01.02.1999

These employees are covered by Employees' Provident Fund & Miscellaneous Provisions Act 1952 and Employees' Provident Fund Scheme, 1952. Gratuity for eligible employees provided by the Company for the year is ₹ 4.23 Crores (Previous Year ₹ 3.25 Crore).

10 - SHORT TERM BORROWINGS

<u>Short Term Borrowings</u>	As at March 31, 2012	As at March 31, 2011
	₹	₹
Secured		
(a) Loans repayable on demand		
from banks (Hypothecation of Current Assets)	2,410,065,865	2,500,065,730
	2,410,065,865	2,500,065,730
Unsecured		
(a) Loans repayable on demand		
from banks	37,760,350,516	32,406,718,242
from other parties	1,670,632	1,670,632
	37,762,021,148	32,408,388,874
Total	40,172,087,013	34,908,454,604

11 - Trade Payables

<u>Trade Payables</u>	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Unsecured		
APEPDCL	11,527,806,415	11,527,107,731
APNPDCL	2,548,996,654	(663,514,552)
APSPDCL	4,419,778,271	2,436,444,153
APTRANSCO	3,905,851,503	3,039,634,207
Others Payables	30,352,223,541	16,624,273,222
Total	52,754,656,384	32,963,944,761

12- OTHER CURRENT LIABILITIES

<u>Other Current Liabilities</u>	As at March 31, 2012	As at March 31, 2011
	₹	₹
Current maturities of long-term debt	1,057,385,115	925,452,926
Employee related liabilities	747,748,042	671,953,538
Statutory Liability	543,505,627	475,104,133
Advance from Customers	64,709,879	35,725,940
Consumer Deposits	16,602,129,379	13,915,291,330
Gov of AP SC/ST Payable	59,931,627	75,348,522
Inter Unit Accounts	8,333,382	(16,086,490)
Interest Payable to Consumers	307,043,181	269,483,657
APCPDCL Pension and Gratuity trust	627,164,106	803,062,197
APCPDCL GPF trust	339,029,738	295,540,102
Burnt Meter Deposit	35,039,649	39,039,495
Other Liabilities	82,260,365	210,247,301
Total	20,474,280,090	17,700,162,652

a. Inter Unit accounts balance amounting to ₹ 0.83 Crores (Previous Year ₹ 1.61 Crores) relates to current period which is under reconciliation as on the balance sheet date.

b. The Company owes ₹ 62.72 Crores to APCPDCL P & G Trust as on 31.03.2012 (Previous Year ₹ 80.31 Crores).

c. The Company owes ₹ 33.90 Crores (Previous Year ₹ 29.55 Crores) to APCPDCL GPF Trust. Interest on GPF for the financial year 2011-12 of ₹ 2.49 Crores (Previous Year ₹ 2.04 Crores) has been debited to Profit and Loss Account.

d. Employees who joined prior to 1.02.1999

i. The Company, based on the Actuary Report dated 11th June 2011, has contributed 23.35% of Basic & DA towards Pension & Gratuity to the APCPDCL Pension & Gratuity Trust.

ii. During the year, the amount charged to Profit & Loss account is ₹ 106.10 Crores (Previous Year ₹ 103.67 Crores) towards provision for Pension & Gratuity.

iii. These employees are covered by General Provident Fund and are eligible for Gratuity and Pension. The GPF is administered by APCPDCL PF Trust.

iv. The funds of Pension and Gratuity are held jointly by Master Trust, administered by APGENCO, and APCPDCL Pension & Gratuity Trust, and payments are made in the ratio of 74:26 respectively.

13 - SHORT TERM PROVISIONS

<u>Short Term Provisions</u>	As at March 31, 2012	As at March 31, 2011
	₹	₹
Provision for Employee cost	46,927,495	50,653,247
RPF Fund	253,770	262,428
Provision for Admin Expenses	126,491,297	123,772,470
Provision for Compensation	403,000	156,407
Provision for CWIP	111,023,836	62,960,488
Provision for Interest	1,520,159,903	738,840,646
Provision for O&M works	71,820,397	70,104,826
Audit fee Payable	1,050,000	1,102,950
Provision for Income Tax	705,742	29,233,332
Total	1,878,835,440	1,077,086,794

NOTES FORMING PART OF FINANCIAL STATEMENTS

14 - FIXED ASSETS

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block				
	As at April 1, 2011	Additions	Deletions/Adjustments	Acquired through business combinations	Translat ion exchanging difference	As at April 1, 2012	As at April 1, 2011	Depreciation charge for the year	Transla tion exchange difference	Deletions/Adjustments	As at March 31, 2012	As at 31 March 2012	As at 31 March 2011
a Tangible Assets													
Land	70,257,916	242,250	-	-	-	70,500,166	-	-	-	-	-	70,500,166	70,257,916
Buildings	1,739,449,254	244,150,446	-	-	-	1,983,599,700	281,911,043	55,868,124	-	-	337,779,167	1,645,820,533	1,457,538,211
Civil Works	338,326,872	104,826,104	-	-	-	443,152,976	19,660,661	11,416,983	-	-	31,077,644	412,075,333	318,666,212
Plant and Equipment	25,308,631,743	4,939,969,588	7,626,522	-	-	30,240,974,809	10,100,183,723	1,823,171,201	-	6,757,823.00	11,916,597,101	18,324,377,708	15,208,448,020
Line&Cable&Ntwrk etc	24,311,304,004	2,663,359,181	-	-	-	26,974,663,184	12,795,668,144	1,442,040,290	-	-	14,237,712,434	12,736,950,751	11,515,635,860
Mts&Wiring&Equipment	5,386,822,873	916,490,676	-	-	-	6,303,313,549	3,083,154,262	496,970,705	-	-	3,580,124,967	2,723,188,581	2,303,668,610
Vehicles	38,134,453	15,020,000	871,677	-	-	37,277,797	33,376,818	644,234	-	784,508.95	33,236,543	4,041,254	4,757,636
Furniture and Fixtures	68,533,258	4,807,828	-	-	-	73,341,086	34,402,828	5,552,503	-	-	39,955,331	33,385,755	34,130,430
Office equipment	147,073,351	37,734,521	-	-	-	184,807,872	73,972,271	15,662,179	-	-	89,634,450	95,173,422	73,101,080
Airconditioners	7,051,085	818,498	-	-	-	7,869,584	1,573,685	951,527	-	-	2,525,212	5,344,372	5,477,401
Computer & IT equipment	326,153,543	320,386,153	-	-	-	646,539,696	136,095,311	36,321,259	-	-	172,416,569	474,123,127	190,058,233
Fixed Assets - Rescos	-	-	-	171,745,456	-	171,745,456	-	-	-	-	0	171,745,456	-
Total	57,741,738,352	9,232,800,264	8,498,199	171,745,456	0	67,137,785,874	26,559,998,745	3,888,603,005	0	7,542,332	30,441,059,417	36,696,726,456	31,181,739,608
b Intangible Assets													
Computer software	89,452,942	-	-	-	-	89,452,942	35,829,067	14,928,762	-	-	50,757,829	38,695,114	53,623,875
Total	89,452,942	-	-	-	-	89,452,942	35,829,067	14,928,762	-	-	50,757,829	38,695,114	53,623,875
c Capital Work in Progress													
Capital Work in Progress	6,960,720,601	9,320,077,711	8,868,795,995	-	-	7,412,002,317	-	-	-	-	-	7,412,002,317	6,960,720,601
Total	6,960,720,601	9,320,077,711	8,868,795,995	-	-	7,412,002,317	-	-	-	-	-	7,412,002,317	6,960,720,601
d Intangible assets under Development													
Intangible assets under Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	64,791,911,896	18,552,877,975	8,877,294,194	171,745,456	-	74,639,241,133	26,595,827,812	3,903,531,766	-	7,542,332	30,491,817,246	44,147,423,887	38,196,084,085
Grand Total previous year	57,293,690,042	13,986,484,161	6,488,262,308	-	-	64,791,911,895	23,332,565,471	3,267,212,377	-	3,950,036	26,595,827,812	38,196,084,085	33,361,124,571

a. Fixed Assets of RESCO's has been incorporated in the book at Written down Value to the tune of Rs 17.17 Crores during the year

NOTES FORMING PART OF FINANCIAL STATEMENTS

15 NON CURRENT INVESTMENTS (at Cost)

A. Details of Trade Investments								
Sl. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)	
			As at 31 March 2012	As at 31 March 2011			As at 31 March 2012	As at 31 March 2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(10)	(11)
a)	Investment in Joint Venture							
	APPDCL	Joint Venture	146,020,000	93,810,000	Unquoted	Fully Paid	1,460,200,000	938,100,000
	Total						1,460,200,000	938,100,000

B. Details of Other Investments								
Sl. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)	
			As at 31 March 2012	As at 31 March 2011			As at 31 March 2012	As at 31 March 2011
1	Investments in Government or Trust securities							
	AP TRANSCO - VIDYUT BONDS	Others	132	132	Quoted	Fully Paid	132,000,000	132,000,000
	APPFC Bonds	Others	71	58	Quoted	Fully Paid	71,000,000	58,000,000
	5.64% Govt of India Securities	Others	200,000	200,000	Unquoted	Fully Paid	19,876,333	19,876,333
	8.35% Govt of India Securities	Others	172,000	172,000	Unquoted	Fully Paid	19,435,713	19,435,713
	8.07% Govt of India 2017 Bonds	Others			Unquoted	Fully Paid	4,301,560	4,301,560
	8.2 APWRDC Non Convertible	Others	104	104	Unquoted	Fully Paid	10,400,000	10,400,000
	APSFC - Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series II-2008	Others	16	16	Unquoted	Fully Paid	16,000,000	16,000,000
2	Investments in Mutual Funds							
	SBI MUTUAL FUNDS	Others	1,111,241.895	1,111,241.895	Quoted	Fully Paid	11,329,000	11,329,000
	Total						284,342,606	271,342,606
	Grand Total						1,744,542,606	1,209,442,606

a. Shares worth of Rs 20 Crores were allotted during the financial year 2012-13 which has been considered as investments due to event has been occurred after the balance sheet date.

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

16 - DEFERRED TAX

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Deferred Tax Liabilities		
Opening Balance	997,927,727	889,680,304
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	211,988,187	108,247,423
Gross deferred tax liability	1,209,915,914	997,927,727
Deferred Tax Asset		
Opening Balance	1,640,150,574	1,583,488,566
Unabsorbed Depreciation	185,975,513	56,662,008
Gross deferred tax asset	1,826,126,087	1,640,150,574
Net deferred tax Liability/ (asset)	616,210,173	642,222,847

17 - LONG TERM LOANS & ADVANCES

Long Term Loans and Advances	As at March 31, 2012	As at March 31, 2011
	₹	₹
a. Secured, considered good		
Loans & Advances to employees	1,942,460	3,442,804
b. Unsecured, Considered good		
Loans & Advances to employees	14,271,315	15,259,965
Deposits	264,576,289	458,124,141
Capital Advances	267,399,338	600,343,170
Total	548,189,402	1,077,170,080

c. Secured Long term Loans & Advances to employees includes

Secured Long term Loans & Advances to employees includes	As at March 31, 2012	As at March 31, 2011
	₹	₹
Housing Loan - Secured against House	1,942,460	3,442,804
Total	1,942,460	3,442,804

d. Unsecured Long term Loans & Advances to employees includes

Unsecured Long term Loans & Advances to employees includes	As at March 31, 2012	As at March 31, 2011
	₹	₹
Education Loans	1,353,619	1,849,198
Two Wheeler Loan	6,155,124	6,542,046
Four Wheeler Loan	4,105,795	4,185,243
Computer Loans	2,367,153	2,683,478
Advance to Staff - RESCO's	289,624	-
Total	14,271,315	15,259,965

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

f. Unsecured Deposits Includes

Unsecured Deposits includes	As at March 31, 2012	As at March 31, 2011
	₹	₹
Court Authorities	58,780,746	52,887,452
Telephone authorities	312,622	292,235
Other Deposits - RESCO	631,508	-
Other Deposits	204,851,414	404,944,455
Total	264,576,289	458,124,141

g. Other Deposits includes ₹ 17.23 Crores (Previous Year ₹ 17.23 Crores) towards disputed Entry tax and Sales tax deposited by the company with the Commercial tax officer as per the orders of APSTAT and Hon'ble High Court.

18 - OTHER NON CURRENT ASSETS

Other Non Current Assets	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Secured, considered good		
Long Term Receivables from Employees	55,505,958	65,885,364
(b) Unsecured, considered good		
Receivable from ITI, Chennai	4,080,455	4,069,918
Total	59,586,413	69,955,282

c. Receivable from ITI towards 50% apprentice salaries paid by the company.

d. Long Term Receivables from Employees includes amount recoverable on account of Work Orders and Misappropriations.

19 - INVENTORIES (Valued at lower of Cost or Net Realisable Value)

Inventories	As at March 31, 2012	As at March 31, 2011
	₹	₹
a. Stores and spares (Valued at Cost/NRV whichever is less)	2,421,060,443	2,251,846,278
Add: Materials stock (excess)/Shortage pending investigation	(132,016)	(127,022)
Less: Provision for Recovery/Write Off of Cost of Materials	323,858,387	367,167,056
Grand Total	2,097,070,041	1,884,552,200

20 - TRADE RECEIVABLES

Trade Receivables	As at March 31, 2012	As at March 31, 2011
	₹	₹
Trade receivables outstanding for a period less than six months		
Secured, considered good	2,466,455,164	2,395,588,560
Unsecured, considered good	457,783,453	712,565,059
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	2,924,238,617	3,108,153,619
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	5,383,219,992	4,366,096,576
Unsecured, considered good	2,983,395,077	1,530,331,293
Unsecured, considered doubtful	5,063,496,786	4,349,280,835
Less: Provision for doubtful debts	(5,054,635,159)	(4,348,472,359)
	8,375,476,696	5,897,236,345
Total	11,299,715,313	9,005,389,964

a. The above trade receivables includes, Court Cases of ₹ 307.33 Crores (Previous year ₹ 280.97 Crores), RR Act Cases ₹ 35.46 Crores (Previous year ₹ 46.81 Crores), Bill Stopped/Disconnected Services ₹ 256.50 Crores (Previous Year ₹ 204.90 Crores).

21 - CASH & CASH EQUIVALENTS

Cash and cash equivalents	As at March 31, 2012	As at March 31, 2011
	₹	₹
1. Cash and Cash Equivalents		
a. Balances with banks		
- In Current Accounts	1,049,076,881	1,375,435,175
- Remittance in transit	(1,495,916)	(3,637,048)
- In Deposits with Original Maturity less Than 3 Months	12,240,806	120,240,806
b. Cheques, drafts on hand	26,419,353	21,942,121
c. Cash on hand	192,230,394	106,181,949
d. Postage & Stamps	25,934	114,926
Total	1,278,497,452	1,620,277,929

e. Bank Reconciliation Statement reflects unidentified credits in Bank Statements to the tune of ₹2.95 Crores as at March 31, 2012.

f. Remittance in Transit includes ₹0.15 Crores (Previous year ₹0.36 Crores) on account of excess credit given by SBH and other Banks.

22 - SHORT TERM LOANS & ADVANCES

Short Term Loans & Advances	As at March 31, 2012	As at March 31, 2011
	₹	₹
a. Secured, considered good		
Loans & Advances to employees	928,955	1,032,780
b. Unsecured, considered good		
Loans & Advances to employees	2,097,713	1,688,243
Advance Tax (Including TDS Receivable & Refunds Receivable)Net	-	13,848,641
Advance to Suppliers	1,214,419	798,060
Government Receivables	53,456,956,705	44,437,431,678
Other Loans & Advances	51,605	14,152,117
Total	53,461,249,397	44,468,951,519

c. Government receivables includes ₹82.12 Crores towards difference of Assets and liabilities acquired on merger of RESCO's with the company.

23 - OTHER CURRENT ASSETS

Other current assets (specify nature)	As at March 31, 2012	As at March 31, 2011
	₹	₹
Fixed asset retired from active use and held for disposal	672,296	672,296
Interest Accrued on Fixed Deposits	39,531	170,660
Interest Accrued on Investments	9,560,689	7,189,582
Unbilled Revenue - Trade Receivables	9,067,870,122	8,252,884,146
FSA Revenue - Receivables	43,438,400,000	20,854,000,000
APSEE Master P & G Trust	438,282,357	435,938,268
Others Receivables	4,219,773	623,255,168
Total	52,959,044,768	30,174,110,120

a. APSEE Master P&G trust owes to the company to the tune of ₹43.83 Crores (Previous year ₹43.59 Crores) as at March 31, 2012.



CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

24 - REVENUE FROM OPERATIONS

Particulars	2011-12	2010-11
	₹	₹
Sale of energy		
LT Supply	38,361,370,121	33,801,131,451
HT Supply	55,513,029,025	48,777,328,029
Inter State Sales	1,292,260,835	1,441,900,872
FSA	22,584,400,000	14,080,000,000
Tariff Subsidy	11,412,267,000	8,201,800,000
Additional Power Subsidy	14,795,410,000	7,813,900,000
Customer Charges	2,786,499,632	1,588,074,253
Theft of Power	86,466,127	108,409,796
DPS Income	1,883,986,932	1,283,764,948
Other operating revenues	1,248,857,807	1,716,422,004
<u>Less: Electricity duty</u>	<u>(1,337,353,474)</u>	<u>(1,204,041,420)</u>
Total	148,627,194,006	117,608,689,933

a. As per Company's accounting policy, unbilled revenue (including Delayed Payment Surcharge) as at the year end of the financial year has been provided in the books of accounts on estimation basis which works out to ₹ 906.79 Crores (Previous Year ₹ 825.29 Crores).

b. ₹ 2258.44 Crores (Previous Year ₹ 1408 Crores) towards FSA was provided in the books of accounts during the F Y 2011-12, subject to approval by the APERC.

c. Regarding collection of Electricity Duty from Ferro Alloy units, the element of electricity duty is not being collected and remitted, pending receipt of clarification from GoAP on G.O. Ms. No.123 dated 23.10.2003. The amount for the years 2003-04 to 2010-11 works out to ₹ 12.95 Crores (Up to Previous Year ₹ 12.95 Crores). However ED is being levied on Ferro Alloys from 1.04.2011.

25 - OTHER INCOME

Other Income	2011-12	2010-11
	₹	₹
Interest Income		
Bank	2,624,097	15,775,056
Staff	772,309	210,916
Others	32,429,349	24,746,074
Rent from Companies Fixed Assets	4,392,141	3,172,922
Sale of Scrap	34,739,871	(2,000,689)
Penalties from Suppliers	126,255,901	168,484,163
Miscellaneous Income	13,852,650	4,925,259
Other Income	777,443,722	754,364,137
Amortization of Consumer Contribution, Subsidies & Grants towards Fixed Assets	1,702,191,043	1,440,543,994
Total	2,694,701,083	2,410,221,832

a. As per the Company's Policy, interest on loans given to employees is recovered immediately after repayment of the principal loan amount.

b. Other Income Includes excess provision written off to the extent of ₹ 4013624.65 (Previous year income ₹ 43205494.87)

26 - Power Purchase Expenses

Cost of Materials	2011-12	2010-11
	₹	₹
Purchase of Power & Transmission Charges, etc.	126,756,743,366	101,732,682,583
Total	126,756,743,366	101,732,682,583

27 - EMPLOYEE BENEFIT EXPENSE

Employee Benefits Expense	2011-12	2010-11
	₹	₹
Salaries and incentives	5,649,154,969	5,048,176,459
Contributions to Provident Funds	232,927,731	184,022,324
Pension Benefits	2,842,931,587	1,259,235,567
Director's Remuneration & Allowances	5,670,179	8,254,109
Director's Sitting Fees	51,000	48,000
Staff welfare expenses	73,722,377	90,657,963
Less: Employee Cost Capitalised	(499,286,293)	(492,560,400)
Total	8,305,171,550	6,097,834,022

a. Salaries and incentives includes prior period expenses to the extent of ₹17546 (Previous year income ₹1316260.98)

28 - OPERATION & OTHER EXPENSES**a. Operations & Other expenses includes**

Operation & Other expenses	2011-12	2010-11
	₹	₹
Advertisement	18,424,037	13,181,360
Collection Agency Expenses	34,731,168	38,351,245
Consultancy Charges	19,559,680	13,788,958
Consumer Service Centre Charges	8,015,728	10,498,859
Contract Labour Charges	182,131,743	152,722,504
Electricity Charges	61,113,810	60,688,178
Insurance	864,531	602,413
Inventories Handling Charges	36,390,056	39,109,053
Legal Charges	5,904,418	13,740,540
Licence fees - APERC	25,633,690	21,148,128
Office Maintenance	7,633,945	5,652,157
Other Expenses	40,617,125	5,338,441
Postage & Telegrams	1,917,662	1,962,540
Printing & Stationery	39,751,842	39,812,825
Professional Charges	168,703,188	158,626,799
R&M - Others	50,693,384	21,634,203
Rates & taxes	48,892,802	54,302,725
Rent	8,477,394	13,365,652
Repairs to Buildings & Civil works	9,803,253	12,176,036
Repairs to Plant and Machinery	1,524,669,640	1,340,380,221
Repairs to Vehicles	35,579,915	40,543,533
Telephone & Communication	61,176,322	53,878,516
Training Exp	8,445,781	4,849,555
Travelling Expense	232,610,834	214,702,544
Vehicle Hire charges	209,691,169	161,556,749
Less: Administration & General Exp Capitalised	(88,061,014)	(86,904,364)
Total	2,753,372,101	2,405,709,370

b. Other Expenses includes prior period expenses to the extent of ₹11618835 (Previous year ₹4739488.56)

c. Payment to Auditors

Audit Fess	2011-12	2010-11
	₹	₹
Payments to the auditor as auditor	1,050,000	952,950
for taxation matters,	7,550	-
for company law matters,	-	-
for management services,	-	-
for other services,	-	-
for reimbursement of expenses;	-	150,000
Total	1,057,550	1,102,950
Grand Total (a+c)	2,754,429,651	2,406,812,320

29 - FINANCE COSTS

Finance costs	2011-12	2010-11
	₹	₹
Interest expense		
Loans	8,791,292,817	5,223,769,551
Consumption Deposits	834,803,161	728,078,468
Others	75,535,116	73,376,070
Bank Charges	22,716,602	23,236,216
Less: Interest Capitalised	(369,327,804)	(249,103,040)
Total	9,355,019,892	5,799,357,265

30 - EXCEPTIONAL ITEMS

Exceptional Items	2011-12	2010-11
	₹	₹
Assets Scrapped	955,867	-
Bad Debts Written Off	57,807,112	208,700,061
Compensation	20,134,590	22,963,145
Others	69,859,237	395,906,778
Price Variation	18,976,044	(15,881,722)
Total	167,732,850	611,688,262

a. Others include Miscellaneous items written off during the year.

31 - CONTINGENT LIABILITIES

<u>Contingent liabilities and commitments (to the extent not provided for)</u>	31-Mar-12	31-Mar-11
	₹ in Crores	₹ in Crores
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	11.02	9.80
(b) Disputed Income Tax (TDS - Transmission Charges)	93.26	93.26
(c) Disputed Entry tax	33.25	33.25
(d) Sales tax Penalty against G Form (Cement purchases)	1.34	1.34
(e) Liability under AP VAT Act 2005 (April 2005 to 2009-10)	22.32	22.32
(f) Other money for which the company is contingently liable	4.26	4.26
	165.45	164.23
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	156.73	150.35
	156.73	150.35
Grand Total (i+ii)	322.18	314.58

32. The company has taken over the assets and liabilities of all the 3 RESCO's under a scheme of merger approved by the Government of Andhra Pradesh effective from Dec 1, 2004 for Kadiri (East & West) RESCOs and Dec 1, 2005 for Sanjay RESCO and incorporated the assets and liabilities during the year with reference to values certified by independent Chartered Accountant. Based on overall circumstances and the report of the Chartered Accountant, it reflects that the Company needs to be compensated to the extent of ₹ 83.13 Crores since value of assets taken over is less than the value of the liabilities absorbed. The Company has approached the Government of Andhra Pradesh for reimbursement. Appropriate disclosures wherever considered necessary have been made elsewhere in the notes to accounts.

33. The Company is in the process of identifying the Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006". However, the Company is prompt in making payments to all Enterprises as per Purchase Order terms.

34. Family benefit fund: As a result of introduction of the Group Insurance Scheme with effect from 01.07.1985, the amounts payable to the employees as per the Family Benefit Fund (FBF) Scheme as on that date have been frozen. The balance also carries interest at the rates as specified in the FBF Scheme.

The future liability towards principal and interest to date will be accounted when payments are made. During the year the Interest on Family Benefit Fund of ₹ 0.12 Crores (Previous Year ₹ 0.16 Crores) has been paid and is shown under the Head 'Interest and Finance Charges'.

35. Income-tax assessments for the Assessment Years 2010-11 & 2011-12 are pending. For the Assessment Years 2005-06, 2006-07, 2008-09 & 2009-10, the Assessing Officer has added ₹ 16.90 Crores, ₹ 0.70 Crores, ₹ 108.28 Crores & ₹ 60.77 Crores respectively to the income returned by the Company. The Company has filed an appeal against the 'additions' in Assessment Years 2005-06, 2006-07, 2008-09 & 2009-10 with C.I.T. (Appeals)-II. The Company is of the opinion that no provision is necessary in respect of disputed additions. Any further provision required in respect of disputed addition will be considered on completion of Appellate Proceedings.

36. Sales-Tax assessments for the years 2009-10 & 2010-11 are pending.

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

38. Quantitative Information

MU's

S. No	Particulars	2011-12	2010-11
1	Energy Input (Discom)	37160.62	34079.97
2	Sale of Energy	31597.20	28740.93

39. The requirements of the following Accounting Standards issued by the ICAI are not applicable to the Company-

AS 7	Construction Contracts
AS 17	Segment Reporting since Distribution and Retail supply of Power comprises the only primary & reportable segment
AS 18	Related Party Disclosures since the Company is a State Government Company and falls within the designation of 'State Controlled Enterprise'
AS 21	Consolidated Financial Statements, since the Company does not have any Subsidiary Company
AS 23	Accounting for Investments in Associates in Consolidated Financial Statements
AS 24	Discontinuing Operations
AS 25	Interim Financial Reporting
AS 27	Financial Reporting of Interest in Joint Ventures

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

As per our report of even date

For SHARAD & ASSOCIATES
Chartered Accountants
 Firm Reg No. 06377S

For and on Behalf of Board of Directors

Sd/-
 SHARAD SINHA
Partner
 M. No 202692

Sd/-
 G. ANANTHA RAMU
Chairman & Managing Director

Sd/-
 P. RAJAGOPAL REDDY
Director (Finance)

Date: 06.08.2012
 Place: **Hyderabad**

Sd/-
 K. PREMANANDA RAO
Chief General Manager(Finance)

Sd/-
 K. SUJATHA
Company Secretary

Central Power Distribution Company of A.P. Limited

Average Realisation from Sale of Power Schedule - 3 for FY 2011-12							2010-11 Average Realisation (Rs/Unit)	HT Incentive (Rs. Crs)
Consumer Category	No. of Consumers	Sales (MU)	Revenue (Rs.Crs)	% of Units Sold	Average Realisation (Rs/Unit)			
L.T. Cat.-I Domestic	5692482	5970.09	1,655.13	31.68	2.77	2.72	-	
L.T. Cat.-II Non-Domestic	720096	2001.99	1,238.05	10.62	6.18	6.06	-	
L.T. Cat.-III Industrial	54374	1317.36	661.38	6.99	5.02	4.68	-	
L.T. Cat.-IV Cottage Industries	6054	16.14	3.21	0.09	1.99	1.96	-	
L.T. Cat.-V Agriculture	1004861	8740.15	10.94	46.37	0.01	0.01	-	
L.T. Cat.-VI Street Lights	69366	727.93	175.47	3.86	2.41	1.97	-	
L.T. Cat.-VII General Purpose	30545	70.61	28.94	0.37	4.10	3.95	-	
L.T. Cat.-VIII Temporary Supply	156	2.59	2.47	0.01	9.51	12.00	-	
L.T. Total	7577934	18846.86	3,775.59	100.00	2.00	1.95	-	
H.T. Cat.I Industrial	3506	10332.82	4,244.25	81.04	4.11	3.97	-	
H.T. Cat.II Non-Industrial	2276	1677.71	983.35	13.16	5.86	5.69	-	
H.T. Cat.IV Agricultural	261	476.36	107.21	3.74	2.25	2.16	-	
H.T. Cat. V Railway Traction	5	144.64	64.83	1.13	4.48	4.30	-	
H.T. Cat. VI Residential	98	103.46	61.61	0.81	5.95	4.37	-	
H.T. Temp.	92	15.34	16.85	0.12	10.98	9.54	-	
H.T. Total	6238	12750.34	5,478.10	100.00	4.30	4.13	-	
L.T. + H.T. Total	7584172	31597.20	9,253.69	100.00	2.93	2.83	-	
Add: Electricity Duty			133.73					
Gross Revenue			9,387.42					

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details :**State Code

0	1
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Registration No.

3	4	1	1	6
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Balance Sheet Date :

3	1	0	3	2	0	1	2
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II Capital raised during the Year (Rs. In Thousands)Public Issue

				N	I	L					
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Right Issue

				N	I	L					
--	--	--	--	---	---	---	--	--	--	--	--

III Position of Mobilisation and Deployment of Funds Rs. In Thousands)Total Liabilities

			1	6	8	2	1	1	5	2	9
--	--	--	---	---	---	---	---	---	---	---	---

Total Assets

			1	6	8	2	1	1	5	2	9
--	--	--	---	---	---	---	---	---	---	---	---

Sources of FundsPaid-up Capital

					7	2	8	4	7	9	6
--	--	--	--	--	---	---	---	---	---	---	---

Reserves & Reserve Funds

				1	5	7	9	8	9	2	2
--	--	--	--	---	---	---	---	---	---	---	---

Un Secured Loans

				3	8	4	4	5	3	9	6
--	--	--	--	---	---	---	---	---	---	---	---

Secured Loans

				2	8	2	1	3	7	1	9
--	--	--	--	---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

				3	6	7	3	5	4	2	1
--	--	--	--	---	---	---	---	---	---	---	---

Investments

					1	7	4	4	5	4	3
--	--	--	--	--	---	---	---	---	---	---	---

Net Current Assets

				4	2	1	2	8	9	8	1
--	--	--	--	---	---	---	---	---	---	---	---

Misc Expenditure

					N	I	L				
--	--	--	--	--	---	---	---	--	--	--	--

Accumulated Losses

					1	1	0	5	6	7	4
--	--	--	--	--	---	---	---	---	---	---	---

IV Performance of Company (Rs. In Thousands)Turnover

				1	5	1	3	2	1	8	9	5
--	--	--	--	---	---	---	---	---	---	---	---	---

Total Expenditure

				1	5	1	2	9	4	6	5	5
--	--	--	--	---	---	---	---	---	---	---	---	---

Profit/(Loss) Before Tax

								7	9	2	6	6
--	--	--	--	--	--	--	--	---	---	---	---	---

Profit/(Loss) After Tax

									4	0	4	8	3
--	--	--	--	--	--	--	--	--	---	---	---	---	---

Earning per Share

				N	I	L						
--	--	--	--	---	---	---	--	--	--	--	--	--

V Generic Names of Three Principal Products / Services of the Company

(as per monetary terms)

Item Code (ITC Code)

Product Description :

9969

Distribution and Retail Supply of Power