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Sri Kalvakuntla Chandrashekar Rao
Hon'ble Chief Minister of Telangana



NOTICES



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(A Govt. of Telangana Undertaking)

(Formerly Central Power Distribution Company of Andhra Pradesh Ltd)

Corporate office: 6-1-50, Mint Compound, Hyderabad 500063, Telangana State, India

CIN U40109TG2000SGC034116, Website: www.tssouthernpower.com



NOTICE OF THE ANNUAL GENERAL MEETING

To
The Members of the Company
Southern Power Distribution Company of Telangana Limited

NOTICE IS HEREBY GIVEN THAT THE 18th ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON THURSDAY, 20TH DAY OF DECEMBER, 2018 AT 11.30 A.M AT THE REGISTERED OFFICE OF THE COMPANY AT 6-1-50, MINT COMPOUND, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet, Profit & Loss Account and Cash flow Statement as at 31st March, 2018 along with Statutory Auditors Report, Secretarial Audit Report, Directors Report and the comments of the Comptroller and Auditor General of India thereon.
2. To take note on the re-appointment of M/s. Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India for the Financial Year 2018- 19 and authorize the Board of directors to fix the remuneration of Statutory Auditors.

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the re-appointment of M/s Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2018-2019 by the office of the Comptroller and Auditor General of India be noted and pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to Statutory Auditors and to provide for reimbursement of their actual out-of-pocket expenses for the Financial Year 2018-19 if any.”

SPECIAL BUSINESS:

3. RATIFICATION OF THE REMUNERATION OF THE COST AUDITOR FOR THE FY 2018-19

The Board considered recommendation of Audit Committee in regard to the appointment of M/s. BVR & Associates, Cost Accountants, Hyderabad, as Cost Auditor for the F.Y.2018-19 and it was decided to pay the remuneration of Rs. 86,250 (all inclusive).”

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of Rs. 86,250 (all inclusive) payable to M/s. BVR & Associates, who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year 2018-19.”

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

Sd/-

ANIL KUMAR VORUGANTI
COMPANY SECRETARY

Date: 27.11.2018

Place: Hyderabad

NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. Proxy form (MGT-11) is enclosed. Instrument appointing proxy shall be deposited at the registered office of the company by not less than 48 hours before the commencement of the meeting.
3. Pursuant to section 139 of the Companies Act, 2013 the Auditors of the Company are appointed by the Comptroller and Auditor General of India (C&AG). In terms of Sub-Section (1) of the Section 142 of the Companies Act, 2013 remuneration of Auditors has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in Annual General Meeting may determine.
4. The Comments of the Comptroller and Auditor General of India (C&AG) on the Annual Accounts for the F.Y 2017-18 will be placed at the Annual General Meeting of the Company.

STATEMENT OF MATERIAL FACTS OF SPECIAL BUSINESSES REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013:

The Board considered the recommendation of Audit Committee in regard to the appointment of M/s. BVR & Associates, Cost Accountants, Hyderabad, as Cost Auditor for the F.Y.2018-19 and it was decided to pay the remuneration of Rs.86,250 (all inclusive).

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 the remuneration of the Cost auditors to be ratified by the shareholders at the annual general meeting of the company.

The Directors recommend for ratification of Item No.3 of the notice.

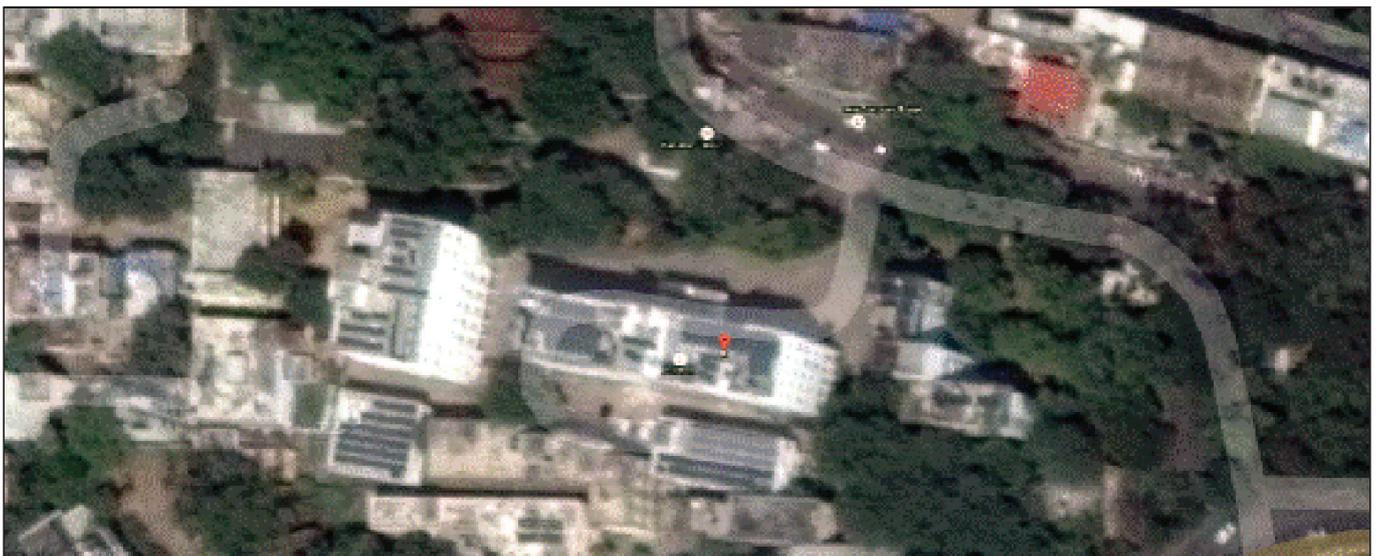
None of the Promoters, Directors, Key Managerial Personnel and the relatives of the Directors & Key Managerial Personnel of the Company is in any way concerned or interested financially or otherwise in the above resolution.

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

**Date: 27.11.2018
Place: Hyderabad**

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

Route Map



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(A Govt. of Telangana Undertaking)

(Formerly Central Power Distribution Company of Andhra Pradesh Ltd)

Corporate office: 6-1-50, Mint Compound, Hyderabad 500063, Telangana State, India

CIN U40109TG2000SGC034116, Website: www.tssouthernpower.com



NOTICE OF THE ADJOURNED ANNUAL GENERAL MEETING

To
The Members of the Company
Southern Power Distribution Company of Telangana Limited

NOTICE IS HEREBY GIVEN THAT THE 18th ADJOURNED ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON MONDAY, 31ST DAY OF DECEMBER, 2018 AT 4.00 P.M AT THE REGISTERED OFFICE OF THE COMPANY AT 6-1-50, MINT COMPOUND, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet, Profit & Loss Account and Cash flow Statement as at 31st March, 2018 along with Statutory Auditors Report, Secretarial Audit Report, Directors Report and the comments of the Comptroller and Auditor General of India thereon.
2. To take note on the re-appointment of M/s. Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India for the Financial Year 2018- 19 and authorize the Board of directors to fix the remuneration of Statutory Auditors.

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the re-appointment of M/s Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2018-19 by the Office of the Comptroller and Auditor General of India be noted and pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to Statutory Auditors and to provide for reimbursement of their actual out-of-pocket expenses for the Financial Year 2018-19 if any.”

SPECIAL BUSINESS:

3. **RATIFICATION OF THE REMUNERATION OF THE COST AUDITOR FOR THE FY 2018-19.**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:



“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of Rs.86,250 (all inclusive) payable to M/s. BVR & Associates, who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year 2018-19.”

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

**Date: 20.12.2018
Place: Hyderabad**

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



NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. Proxy form (MGT-11) is enclosed. Instrument appointing proxy shall be deposited at the registered office of the company by not less than 48 hours before the commencement of the meeting.
3. Pursuant to section 139 of the Companies Act, 2013 the Auditors of the Company are appointed by the Comptroller and Auditor General of India (C&AG). In terms of Sub-Section (1) of the Section 142 of the Companies Act, 2013 remuneration of Auditors has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in Annual General Meeting may determine.
4. The Comments of the Comptroller and Auditor General of India (C&AG) on the Annual Accounts for the F.Y. 2017-18 will be placed at the Annual General Meeting of the Company

**Statement of material facts of special businesses required under Section
102 of the Companies Act, 2013**

The Board considered the recommendation of Audit Committee in regard to the appointment of M/s. BVR & Associates, Cost Accountants, Hyderabad, as Cost Auditor for the F.Y.2018-19 and it was decided to pay the remuneration of Rs.86,250 (all inclusive).

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 the remuneration of the Cost auditors to be ratified by the shareholders at the annual general meeting of the company.

The Directors recommend for ratification of Item No.3 of the notice.

None of the Promoters, Directors, Key Managerial Personnel and the relatives of the Directors & Key Managerial Personnel of the Company is in any way concerned or interested financially or otherwise in the above resolution.

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

Date: 20.12.2018
Place: Hyderabad

Sd/-
ANIL KUMAR VORUGANTI
COMPANY SECRETARY



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



BOARD OF DIRECTORS



BOARD OF DIRECTORS



SRI G. RAGHUMA REDDY
Chairman & Managing Director



SRI T. SRINIVAS
Director (Projects & Commercial)



SRI J. SRINIVASA REDDY
Director (Operations)



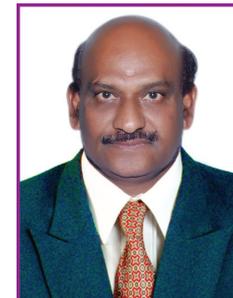
SRI MIR KAMALUDDIN ALI KHAN
Director (HR)



SRI AJAY MISRA, IAS
Spl. Chief Secretary to Govt.,
Energy Dept. Govt. TS,
Director (Non-whole time)



SRI C. SRINIVAS RAO
Joint Managing Director
HRD, Finance, Comm. & Vigilance
Director (Non-whole time)



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

COMPANY SECRETARY
STATUTORY AUDITORS
BANKERS & FINANCIAL
INSTITUTIONS

SRI. ANIL KUMAR VORUGANTI
M/S. BRAHMAYYA & CO., CHARTERED ACCOUNTANTS
STATE BANK OF INDIA
REC LIMITED
POWER FINANCE CORPORATION LIMITED (PFC)
PTC INDIA FINANCIAL SERVICES LTD.

REGISTERED OFFICE:

6-1-50, MINT COMPOUND, HYDERABAD 500063, TELANGANA STATE, INDIA.
WWW.TSSOUTHERNPOWER.COM



CMD's LETTER TO STAKE HOLDERS





Chairman and Managing Director Letter to Stakeholders,

Dear Stakeholders,

I am glad to present the 18th (Eighteenth) Annual Report of Southern Power Distribution Company of Telangana Limited, Hyderabad for the Financial Year 2017-18.

About TSSPDCL:

- ◆ The Telangana Southern Power Distribution Company Limited came into being on 2nd June 2014 after the bifurcation of the undivided state of Andhra Pradesh.
- ◆ TSSPDCL is the largest DISCOM in the State of Telangana which encompasses an area of 14 districts and is catering to the power requirements of 87.8 Lakh consumers including 11.71 Lakh Agriculture consumers across 20 circles and headquartered at Hyderabad.
- ◆ It is one of the best performers in the country in several operational parameters having low Distribution losses also and high collection efficiency.
- ◆ A quantum of 40147.50 MUs were purchased in F.Y. 2017-18 to cater to the energy demand of the consumers.
- ◆ The company has also one of the lowest Distribution losses in the country maintaining it below 11%.
- ◆ A Peak Demand of 6961 MW has been met successfully in the current financial year (September 2018).
- ◆ Per-capita consumption of Telangana State for F.Y. 2017-18 is 1,727 units as against a national average of 1,149 units.

Providing Reliable and uninterrupted Power :

- ◆ On the day of Telangana State formation, 4-8 hours of load relief to domestic and other consumers and a day power holiday to industries was prevailing in the state.
- ◆ Availability of quality, un-interrupted power is a key pre-requisite for ensuring the desired economic growth in the state. The Discoms in Telangana have been successfully meeting the demand in the State without any load shedding since 20.11.2014.
- ◆ In TSSPDCL, the energy supplied during the period April 2017 to March 2018 was 40147.50 MU as compared to 34799.70 MU during the same period of last year. This implies an increase of around 15.36% over last year. The Peak (Maximum) Demand met by TSSPDCL in 2017-18 was 6576 MW as compared to 5869 MW in the previous year with an increase of 12%.

Providing of 9 Hrs & 24 Hrs Power supply to Agl.sector:

- ✦ Various Measures have been taken by the TSSPDCL to strengthen the power sector to meet the target of 24 hour power to farming sector. Initially 9 Hrs supply was given to consumers in 2 spells from April 2016. TSSPDCL has pro-actively undertaken network strengthening activities.
- ✦ As a part of works undertaken for the Development of infrastructure, TSSPDCL have spent an amount of **Rs.7975** crore in the last 4 ½ years after Telangana formation.
- ✦ The major infrastructure developments are as follows:
 - a) Out of existing 1563 Nos of 33/11 KV substations, 380 Nos. of Substations were charged.
 - b) TSSPDCL constitutes total of **13054** Km of 33KV (UG+OH) line , out of which **4235** Km erected.
 - c) TSSPDCL constitutes total of **87,063** Km of 11KV (UG+OH) line, out of which **24,776** Km erected.
 - d) There are **3,024** Nos PTRs in TSSPDCL, out of which **1,119** were erected.
 - e) There are **3,98,586** Nos DTRs in TSSPDCL, out of which **1,36,653** were erected.
 - f) There are **11,71,920** Nos of Agriculture services , out of which **2,75,445** were released whereas only **1,02,223** Nos of Agriculture Services released in 3 years before the state formation.
- ✦ With the above additional capacity, as per the State Government vision to extend 24 Hrs power supply to farming sector, TSSPDCL is extending the 24 Hrs power supply to Agl. Sector from 01.01.2018 onwards successfully.

Ujwal DISCOM Assurance Yojana (UDAY):

- ✦ The State has signed the UDAY MoU with Government of India on 4th Jan-2017. As per the UDAY scheme 75% of the outstanding debt i.e. Rs. 8,923 Crore of the DISCOMs will be taken over by the State government which will substantially reduce the interest burden on the DISCOMS & will enable DISCOMS to provide affordable power & better services to the consumers.
- ✦ The UDAY scheme provides several incentive to DISCOM in the form of cheaper power from NTPC, higher allocation of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS) schemes etc. on meeting certain performance targets. Some of the targets as per the UDAY MoU are:
 - Reduction of AT&C loss from 14.11% currently to 9.9% by 2018-19.
 - Eliminate the Gap between ACS & ARR by F.Y. 2018-19.
 - Achieve 100% DTR & feeder monitoring by 30th June 2017.
 - Undertake physical feeder segregation by March 2018.
 - Installation of smart meters for all consumers other than agricultural consumers consuming above 500 Units/month by 31st December 2018 and consumers consuming above 200 Units/month by 31st December 2019.

- ◆ TSSPDCL has done well and achieved targets in the areas of ACS-ARR Gap, Feeder Metering for Urban feeders connected to NPP, DT Metering, Domestic connections, LED street lighting, Feeder Improvement and UJALA and it is lagging behind the targets in the areas of Feeder Audit, Smart Metering and replacement of Agl. Pumpsets because of various reasons including requirement of Financial support.

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) Scheme:

- ◆ Under DDUGJY scheme, an amount of Rs.336.65 crore was sanctioned to TSSPDCL for strengthening of sub-transmission, distribution and metering in rural districts along with electrification of rural BPL households.
- ◆ TSSPDCL has launched massive campaign for electrification of Below Poverty Line (BPL) services on a registration fee payment of Rs.125.
- ◆ So far, Out of 46Nos. SS, 37Nos. SS charged, 9 Nos. SS under progress. 2,37,574 Nos. BPL services released so far against revised target of 2,36,856 Nos.
- ◆ Under the scheme the works are being executed with fast pace.

Integrated Power Development Scheme (IPDS):

- ◆ Under IPDS scheme, TSSPDCL was sanctioned Rs. 454.09 crore which will be utilized for reduction in AT&C losses, establishment of IT enabled energy accounting / auditing system, improvement in billed energy based on metered consumption and improvement in collection efficiency.
- ◆ Out of Rs. 454.09 crore Sanctioned, works are awarded for Rs 454.09 crore i.e. 100% of scheme cost and works are taken up and in progress.
- ◆ So far, 24 Nos., substations, 2237 Nos. DTRs, 71,452 Nos., Consumer meters and 7,219 Nos., Prepaid meters are completed. 980 Kilowatt Peak (kWp) Capacity of Solar rooftop panels are erected.
- ◆ So far 74.56 % physical progress is achieved as per IPDS portal. Under the scheme the works are being executed with fast pace.

Withdrawal of pilferage of Energy cases registered against the ST Consumers.

- ◆ It is to submit that as per the Hon'ble Chief Minister's directions during the CM meeting on 17.11.2017, a proposal has been sent to the Energy Department by the Joint Managing Director, TSTRANSO vide Lr. No JMD(Fin, Comml, & HRD)/Dy.CCA(TSPCC)/D.No.32/18 dt.28.02.2018 wherein it is requested for arranging for issuing necessary Government Orders to withdraw the theft Cases of Energy which are pending against the members of ST community and reimburse the assessed amount to the DISCOMs.
- ◆ In that proposal, it is mentioned that 1475 theft cases registered against ST consumers, for pilferage of Energy, amounting a total of Rs. 26,96,185 in TSSPDCL to be withdrawn.

Waiver of Electricity arrears for the poor people in GHMC area

- ◆ It is to submit that the Govt of Telangana has sanctioned an amount of **Rs. 4101.63 Lakhs** towards waiver of Pending CC Charges arrears as on 31.12.2016 in GHMC area for 3,35,135 consumers whose consumption is below 100 Units per month.

- ◆ Delayed Payment Surcharge of **Rs. 1264.02 Lakhs** waived off by TSSPDCL with the approval of Hon'ble TSERC for the consumers whose consumption is below 100 Units per Month.
- ◆ For the consumers above 100 units, Delayed Payment Surcharge of **Rs. 566.48 Lakhs** has been withdrawn for 2,10,851 consumers who has paid 100% CC Charges arrears as on 31.12.2016.
- ◆ These initiatives benefitted a total of **5,45,986 Consumers in TSSPDCL** where the benefit extended amounted to **Rs. 5932.13 Lakhs**.

Operations Improvement:

- ◆ TSSPDCL is one of the best performing DISCOM in the country in terms of operational efficiency and has continued its improvement in Key Performance Indicators.
- ◆ PTR failure rate has decreased to 2.10% in F.Y. 2017-18.
- ◆ DTR failure rate has decreased from 9.84 % in F.Y. 16-17 to 8.61% in F.Y. 2017-18.
- ◆ TSSPDCL has reduced the energy losses to 11.2 % in F.Y. 2017-18.
- ◆ Total 51,538 Nos of Agl. Connections were released during 2017-18.
- ◆ Percentage of complaints resolved within the SOP timelines has increased from 83% in F.Y. 2014-15 to 92% in F.Y. 2017-18.
- ◆ Percentage of new services released within the SOP stipulated timeline is above 95% in F.Y. 2017-18 as against a level of 80% in F.Y. 2014-15.
- ◆ Revenue Demand has increased from 15,324 Crs in F.Y. 2013-14 to 18,378 crore in F.Y. 17-18.
- ◆ Metered sales are increased to 24269.99 MU during F.Y. 2017-18 which is 10% higher than the last financial year (i.e. 22072.64 MU).
- ◆ Total sales are increased to 35588.47 MU during F.Y. 2017-18 which is 15% higher than the last financial year (i.e.30840.27 MU).

Promotion of Solar energy:

- ◆ TSSPDCL has taken proactive measures in harnessing the solar potential in the state including the notification of forward looking solar policy in June 2015. This has created a stable and a conducive environment for expedited addition of solar capacities in the state.
- ◆ Telangana has a total installed RE Capacity of **3862.12 MW** by end of December 2018, spanning across Solar, Wind, Mini - Hydel etc.
- ◆ The TSSPDCL has been actively encouraging solar rooftop addition through a transparent and user friendly application process enabled by online tracking and monitoring of applications. This has helped the DISCOM achieve 62.07 MW of solar rooftop capacity.
- ◆ I am happy to note that in a short span, TSSPDCL has been able to show substantial progress in adding solar capacities. This is amongst the highest in the country.

Smart Grid Pilot Project in TSSPDCL:

- ◆ TSSPDCL has formulated Smart Grid Pilot Project in Jeedimetla and Shapur Nagar sections in Jeedimetla industrial Area, Rangareddy North circle on pilot basis. Ministry of Power has sanctioned the scheme for Rs. 41.82 crore with 50% grants and balance 50% from internal resources of utility, with project completion period of 18 months.
- ◆ The scheme covers 11,904 consumers including all categories.
- ◆ The functionalities of Smart Grid Pilot are Advanced Metering Infrastructure (AMI) for residential consumers, AMI for industrial consumers, Peak load management, Outage management and Power quantity.
- ◆ So far, 4965Nos. 1Ph Smart Meters were installed out of 8882 Nos. 1Ph Meters. Out of 4965Nos. 4475 Nos. meters are commissioned and for balance 490 Nos. Data Acquisition System (DAS) is under progress.

New Technologies in TSSPDCL:

- ◆ TSSPDCL offers the facility of tracking the application status for a new service connection, complaint resolution status and status of applications put in for net metering and proposed to implement online registration of new service connection for LT & HT.
- ◆ As a part of Ease of Doing Business (EODB), Release of new service connection – Forms required limited to two documents and Service release within 15 days.
- ◆ TSSPDCL has been adopting and investing in new technologies which are evolving in the distribution front such as GIS mapping, AMR solutions, and implementation of Supervisory Control and Data Acquisition (SCADA) in towns.
- ◆ **Urja Mitra App:** Urja Mitra App was implemented in TSSPDCL for disseminating both scheduled and un-scheduled power outage information to all the categories of Consumers (both rural and urban) as per the instructions of Ministry of Power, Govt. of India. This APP enable the consumers to receive information of both scheduled and unscheduled outages in their area, in their mobiles and facilitates better consumer service.
- ◆ **Digital Payments:** The Management of TSSPDCL has been encouraging and promoting the digital payments and facilitates a less cash society duly appointing various Payment Gateway Interfaces, Aggregators Service Providers and Wallets, viz. T-Wallet (State Govt. Wallet), AP Online (Co-venture of State Govt. & TCS), Mee Seva/E-Seva (State Govt. Organization), India Ideas.com Ltd. (BillDesk), M/s. Tech Process Pvt. Ltd. (Bill Junction), M/s. One97 Communications Ltd. (Paytm) and M/s. Transaction Analysts (TA Wallet), etc. They are providing various mode of payments to pay the Electricity Bills such as Net Banking, Credit Card, Debit Card, Unified Payments Interface (UPI) and Wallets on TSSPDCL Website and also providing ECS, NACH and EBPP through Service providers.
- ◆ 35% to 40% of TSSPDCL consumers are utilizing the online collections agencies for paying their electricity bills as well as new service connection registrations every month. These Agencies will accept the consumers' payments 24x7 without updation issues and complaints. In this mechanism, the consumers can pay their bills anytime and anywhere without any risk.
- ◆ Further, TSSPDCL has been collecting 100% HT collections through Virtual Accounts Mechanism, which are opened with the SBI. At present, more than 75% of total revenue of Discom is being collected through online payments with the support of above Payment Gateway Interfaces/ Aggregators.

New facility of bill payment option to the consumer at any ERO Counter:

TSSPDCL has provided a new facility of bill payment option to the consumer at any Electricity Revenue Office (ERO) Counter against their Unique Service Connection Number (USC Nos.) for better convenience to the consumers, to save their time and avoid the long distance of journey to counters. Now, the consumers can pay the Electricity Bills at any nearby ERO Counters, such facility is not available previously. Presently, the Company has 71 Nos. EROs, which are integrated together in order to enable for accepting electricity bills from the consumers at any ERO counters and will be updated immediately without delay. The consumer is required to provide their USC Nos. only instead of carrying physical bill.

- ◆ HT CC Bills are also being sent to the HT Consumers through e-mails apart from sending by post and the CC bills are also kept in TSSPDCL website to download by the HT Consumers and bill details informed through short messages.
- ◆ Meter Reading Instrument (MRI) analysis of all HT services are being done including comparison of MRI consumption readings with manual billing, comparison of consumptions of all Cement & steel mill services and tracing out tampers causing revenue loss to the organization. Services with tampers were thoroughly inspected by Detection of pilferage of Energy/HT wings at sending end and receiving end.
- ◆ In order to improve billing & collection efficiency, the DISCOM has started installing prepaid meters for all Govt. services on a pilot basis. For this, 26,325 Nos of meters were ordered and **16,884** Nos. were supplied and **9,815** Nos were already installed.
- ◆ TSSPDCL has been adopting technology and has designed the consumer process in a manner which provides the consumer a lot of convenience and highest levels of transparency. Going forward, I would like to assure you that TSSPDCL would be taking all the necessary initiatives to make it one of the most customer centric discom across India.

Abolition of Contract and Outsourcing System in Power Sector.

- ◆ It is inform that, by considering the services 10,169 nos of out-sourced personnel in TSSPDCL as Artisans in various grades as per their educational qualifications on contract, on “as is where is basis” monthly wages were increased nearly 20% to 30% and wages paid directly by the department.

Awards/Recognition for TSSPDCL Initiatives :

5 Nos IPPAI Power Awards 2017 (“Innovation”).

TSSPDCL has bagged “5 Nos IPPAI Power Awards 2017” under the category of “Innovation” towards various innovative steps taken under Energy Efficiency programs like Distributed Solar Generation, Agl. Demand Side Management (DSM) Measures, Distribution of LED Bulbs, Installation of HVDS System and Reduction of Distribution Losses.

“ICC- 5th Innovation with Impact Award 2017” (Most Innovative Discom for the year 2017”)

TSSPDCL was taken “ICC- 5th Innovation with Impact Award 2017” under the category of “Most Innovative Discom for the year 2017” towards various innovative steps taken in the company like Distributed Solar Generation, promotion of solar rooftop, Best practices adopted for customer satisfaction, installation of smart meters and Prepaid meters, Distribution of LED Bulbs, Installation of HVDS System and Reduction of Distribution Losses.

◆ **Renewable Energy Awards - 2017**

TSSPDCL has bagged Renewable Energy Awards 2017" under the category of "Leading State Discoms" towards recognizing Energy Efficiency Programs, Renewable Energy Injected into the grid and installed capacity, RPO Achievements.

◆ **SKOCH silver medal – 2017**

The DISCOM was awarded the SKOCH silver medal for its next generation mobile call center at the national level Skoch technology summit held on 15th December 2016. The DISCOM won the award after competition among over 150 companies which were both from private and public sector.

◆ **ICC-GREEN GRID AWARD-2016:**

TSSPDCL was awarded with an Appreciation Certificate under the category of GREEN GRID AWARD at the "ICC_4th Innovation with Impact Awards for Discoms" 2016 and the award was taken by Sri. M.S. Dubey, Chairman of CEA on 11th Nov-2016.

◆ **National Award for promotion of Solar Rooftop**

TSSPDCL has been felicitated and taken a National Award from Sri. Piyush Goyal, Hon'ble Minister for energy, Govt. of India for Best performance in promotion/facilitation in rooftop solar power on 7th June 2016 at Vignan Bhavan, New Delhi.

◆ **TSSPDCL has been Rated A Grade by Ministry of Power**

Recognizing the consistent & sustainable improvements that the DISCOM has shown in both operational & financial metrics during F.Y. 15, the Ministry of Power has given a rating of A- to TSSPDCL which make TSSPDCL one of the top DISCOM in the Country.

◆ **SKOCH - Smart Technology Award & Order of Merit Award 2015**

TSSPDCL bagged the two prestigious awards for implementing innovative technologies for growth/consumer satisfaction.

To conclude, I congratulate all the employees for their efforts towards achieving the goals of the company and improved sales performance, in accomplishing the Directives of Regulatory authority, other statutory authorities and initiated steps for institutional strengthening.

Further, I sincerely acknowledge the invaluable support and co-operation of the Spl. Chief Secretary, Energy Department, Government of Telangana, Chairman & Managing Director, TSTRANSCO & TSGENCO and Chairman & Managing Director of TSNPDCL, and The Secretary, TSERC and other officials of the Govt. of Telangana, the Office of the Comptroller & Auditor General of India, the Bankers and Financial Institutions and look forward to their continued support in the future.

Thank You,

Sd/-

Raghuma Reddy Gauravaram
Chairman and Managing Director/TSSPDCL



Sri G. Raghuma Reddy, Chairman & Managing Director, TSSPDCL



DIRECTOR'S REPORT



DIRECTOR'S REPORT

To
The Members
Southern Power Distribution Company of Telangana Limited,

The Directors are pleased to present the Eighteenth Annual Report on the business and operations of your company together with the Audited Statements of Accounts for the year ended on 31st March, 2018.

1. FINANCIAL RESULTS:

The financial results of the Company for the year ended 31st March 2018 the Company could earn an aggregate income of **Rs. 20139.29 Crore**. The financial performance of the Company is as follows:

S.No	Particulars	2017-18 (in Crore)	2016-17 (in Crore)
1.	Revenue from Operations	20062.46	17622.73
2.	Other Income	76.83	121.04
	Total Income	20139.29	17743.77
3.	Power Purchase Cost	20639.57	19212.95
4.	Employee Benefit expense	1803.78	1557.09
5.	Operation and Other Expenses	305.22	284.23
6.	Interest and Finance Charges	948.54	1033.25
7.	Depreciation	772.14	673.28
8.	Exceptional items	142.55	(64.48)
9.	FSA Written off	-	-
10.	Fixed Assets RESCOs- Write Off	-	-
11.	FSA and Other Provisions	-	-
12.	Provision for Govt. Receivables	-	-
	Total Expenses	24611.80	22696.32
13.	Profit/(Loss) Before Tax	(4472.51)	(4952.55)
14.	Provision for Income Tax	-	-
15.	Deferred Tax Income Provision	547.73	252.32
	Net Profit/(Loss)	(3924.78)	(4700.23)

2. UDAY SCHEME

Ujwal Discom Assurance Yojana (UDAY), a Scheme for the Financial Turnaround of the Power Distribution Companies (DISCOMs), was announced / approved vide Ministry of Power, Government of India, Office Memorandum No.: 06/02/2015-NEF/FRP, Dated: 20th November, 2015, with an objective to improve the operational and financial efficiency of the State DISCOMs.

Under this Scheme, the States shall take over 75% of DISCOM debt as on 30th September, 2015 over two years – 50% of DISCOM debt shall be taken over in 2015-16 and 25% in 2016-17.

The borrowings made by the State to takeover DISCOMs debt, shall transfer to DISCOMS as a mix of grant, loan or equity described in the following table:

Year	Total Debt Taken Over	Transfer to DISCOM in the form of Grants	Transfer to DISCOM in the form of Loans	Transfer to DISCOM in the form of Equity	Outstanding State Loan of the DISCOMs
(a)	(b)	(c)	(d)	(e)	(f)
Year -1	75% of the total debt i.e., 8923 Crs	50% of Rs. 8,923 Crs – Rs. 4,462 Crs to be taken over in 2016-17	25% of Rs. 8,923 Crs – Rs. 2230 Crs	25% of Rs. 8,923 Crs – Rs. 2230 Crs will be issued in 2016-17	Rs. 2230 Crs

During the Year 2016-17, an amount of Rs. 4,593.84 Crore are received under the Ujwal Discom Assurance Yojana (UDAY) Scheme and as per the Scheme, MOU was entered by Ministry of Power, Central Government, Govt. of Telangana State and the DISCOM and as per the MOU, The loans outstanding as on 30/09/2015 will be taken over and Funds have to be released 50 % in the form of Grant, 25 % in the form of Equity and 25 % in the form of Loan. Whereas the Govt of Telangana has issued G.O. No. 7, dated 17.03.2017 wherein stating that the said funds have been released as Equity and for which clarification is pending at TSPCC, whether the said funds have to be treated as Equity as per G.O. or as per MOU. Until receipt of Clarification, allotment of shares is kept separately in view of differences between MOU and Government of Telangana G.O.

During the Year 2017-18, the clarification was received that the amounts received under UDAY Scheme has to be treated as Equity only and further during the year 2017-18, an amount of Rs. 282.98 crore received under the UDAY Scheme in the form of Equity and the total amount received under the Scheme is Rs. 4876.83 crore as on Balance Sheet date.

3. FINANCIAL RESTRUCTURING:

As per the Financial Restructuring Scheme announced and implemented by Ministry of Power during October, 2012, A.P. Discoms were permitted to restructure its Short Term Loans and Power Purchase Payables beyond 60 days. As per the Scheme, during the year 2012-13, 50% of Short Term Liabilities were swapped by issue of Bonds by DISCOMs to Banks, A.P. Genco and A.P. Transco amounting to Rs. 2809 crore which will be taken over by State Government over a period of four years in lieu of receivables from them. State Government will be funding for Interest payable on Bonds issued by DISCOMs. Balance of 50% were restructured as Term Loans with Government Guarantee, vide G.O. Ms. No.11, Dt: 18.02.2014 amounting to Rs. 1225 crore.

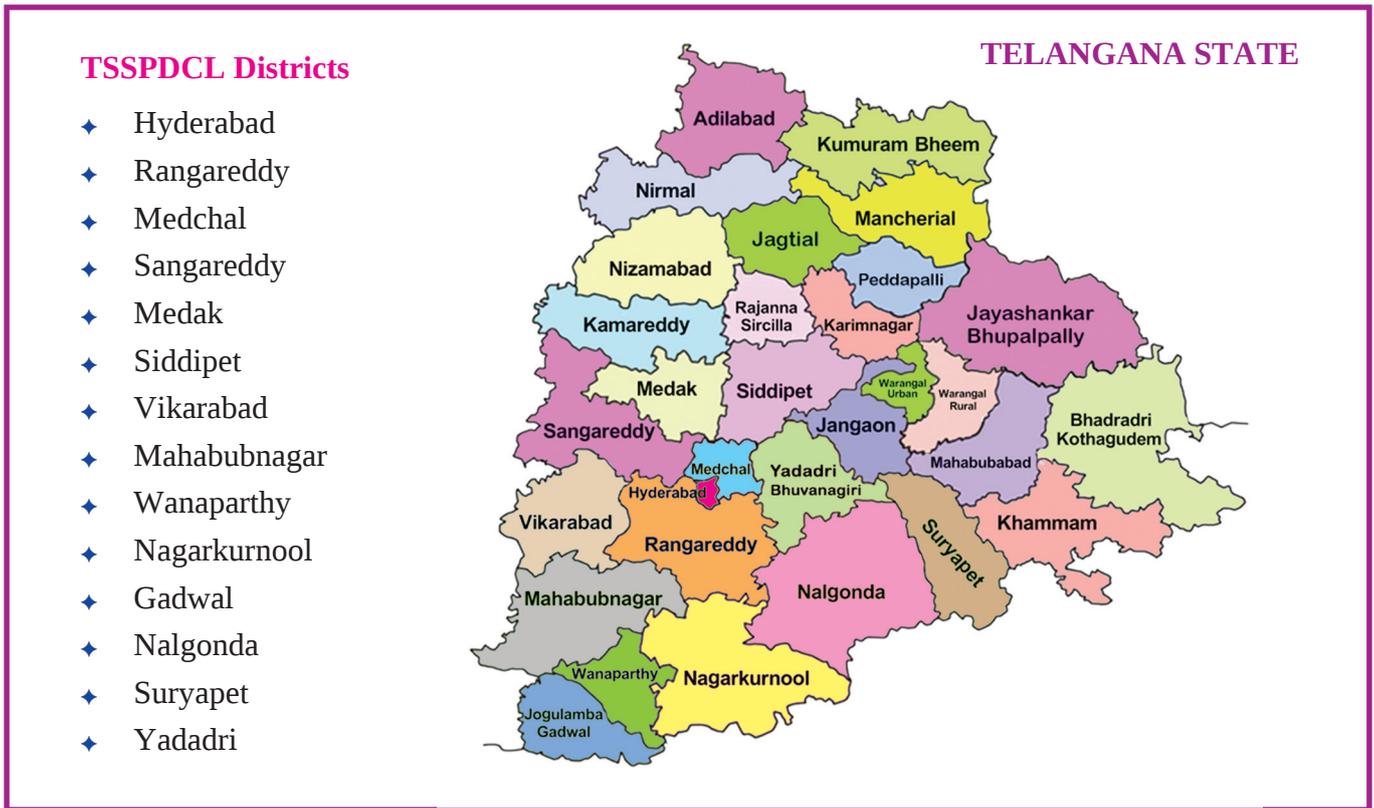
4. STATE OF COMPANY'S AFFAIRS – Section 134(3)(i) OF COMPANIES ACT, 2013

Introduction

In exercise of the powers conferred under section 3 of the Telangana Districts (Formation) Act, 1974, the Governor of Telangana, in the interests of better administration and development of the area concerned, after taking into consideration of the objections and suggestions received from various people and public representatives, by altering the boundaries of existing Districts as specified in Section 3 of the Central Act No. 6 of 2014 .

With a vision to fulfill the expectation of the Telangana Government Southern Power Distribution Company of Telangana Limited, which came into being on 2nd June, 2014, with an objective of providing Electricity to the people at an affordable prices. TSSPDCL Headquarters at Hyderabad, it encompasses an area of fourteen Districts viz., Hyderabad, Rangareddy, Medchal, Sangareddy, Medak, Siddipet, Vikarabad, Mahabubnagar, Wanaparthy, Nagarkurnool, Gadwal, Nalgonda, Suryapet and Yadadri, Catering to the power requirements of more than 8 million consumers.

The philosophy of TSSPDCL is to enhance its performance and emerge stronger by the day to offer its customers the best and value for money.



OPERATIONAL PERFORMANCE

Significant achievements during F.Y. 2017-18 are given below:

- ◆ The Company achieved metered sales of 24269.99 MU in F.Y. 2017-18 as against 22072.64 MU recorded in F.Y. 2016-17. The metered sales percentage to energy input was at 60.45% in F.Y. 2017-18 as compared to 63.43% in F.Y. 2016-17.
- ◆ Energy input was at 40147.50 MU as against 34799.70 MU in the previous year.
- ◆ The peak period demand met was 6576 MW as against the previous year 5869 MW.
- ◆ The Company has supplied 11318.48 MU Energy to the Agriculture Sector as against 8767.64 MU in the previous year. The energy supplied to agricultural sector constitutes 28.19% of total energy input in F.Y. 2017-18. Assessment of agricultural energy is being done by ISI methodology approved by Electricity Regulatory Commission from F.Y. 2013-14.
- ◆ The maximum consumption on a day was 147.45 MU as against 123.95 MU in the previous year.

Reduction of Energy Losses:

During F.Y. 2017-18, a number of measures were adopted that contributed to the on-going efforts to reduce energy losses. The initiatives include:

- ✦ Energy Audit of 33 Towns feeders and 179 Mandal Head Quarter feeders.
- ✦ Impact of above measures is apparent. The energy losses in F.Y. 2017-18 are significantly lower than the previous year. The Energy Losses to Energy Input percentage decreases to 11.36% in F.Y. 2017-18 as against 11.38% in F.Y. 2016-17.
- ✦ Arrested the theft of power by regular Detection of Pilferage of energy (DPE) wings by conducting inspections and special intensive inspections with the DPE & Operation Wings of all circles. During the F.Y. 2017-18, In both HT & LT connections total 151426 Nos. of cases were booked in pilferage, Unauthorized usage, Back billing/Short billing and Development Charges.

PROJECTS DATA

During F.Y. 2017-18 the following works have been completed to strengthen the distribution system and the infrastructure of the Company is as follows:

S.No.	Particulars	Total as on 31.03.2017	Achievement in FY - 2017-2018	Total as on 31.03.2018
1	No. of 33 / 11 KV Substations	1427	61	1488
2	Lines (in KM)			
	33KV	11966.58	683.23	12649.81
	11KV	78430.27	5004.89	83435.16
	Low Tension	177438.00	4582.77	182020.77
3	High Voltage Distribution System (HVDS) for (DTRs)	29211	2622	31833
	High Voltage Distribution System (HVDS) for Agriculture Pump Sets	84554	8218	92772

ON GOING PROJECTS & SCHEMES STATUS AS ON 30.08.2018

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

- ✦ As per R-APDRP guide lines, implementation of SCADA/DMS project in the towns which have population of 4 Lakh and above (as per census 2001) and the energy consumption of 350 MU and above as on date. Hyderabad city was eligible as per the above criteria.
- ✦ Scheme cost: **Rs.90.64 crore.** PFC loan amount: **Rs.65.15 crore.**
DISCOM contribution: **Rs. 25.33 crore.**
- ✦ No of towns sanctioned: **1No. (HUA)**
- ✦ Date of sanction: **30-06-2011.** Scheduled date of completion: 30-09-2018.



- ◆ Awarded project cost (revised) to M/s. Chemtrols is Rs. 25.70 crore Expenditure incurred is **Rs. 20.30 crore**
- ◆ The salient features of the scheme are:
 - 1) SCADA control for all **228 Nos.** of 33/11KV Sub-Stations.
 - 2) DMS (Distribution Management System) for operation of **156 Nos.** 11KV feeders in core city of Hyderabad.
 - 3) Communication System.
- ◆ FAT for 228 Nos RTUs was completed. M/s. Chemtrols has supplied 228nos RTUs and installed 228 Nos.
- ◆ Erection and commissioning of Control centre was completed in March, 2016.
- ◆ So far M/s. Chemtrols has integrated 184 Nos 33/11 KV Sub-stations and DMS integration of 11Kv feeders to SCADA control centre is under progress.

II. Integrated Power Development Scheme (IPDS)

- ◆ Power Finance Corporation (PFC) vide letter date 16.03.2016, has communicated the approval of 6 Nos. Detailed Project Reports (DPRs) covering Distribution network strengthening works in 34 Nos. Towns of TSSPDCL for an amount of Rs. 450.20 crore and permission to execute the works on Partial turnkey/departmental basis.
- ◆ Out of scheme sanction of Rs. 450.20 crore, Government of India (GoI) grant – 60%, loan – 30%, Discom contribution – 10%.
- ◆ GoI grant for Project Management Agency is Rs. 2.25 crore (0.5% of total approved DPR cost).
- ◆ 50% of loan component (30%) i.e. 15% will be converted to grant, if the scheme completed within the target period of 30 months from the date of sanction i.e., before 15-09-2018 and on achievement of prescribed milestones.
- ◆ LOA was issued to M/s. RECPDCL on date 20.02.2016, appointing them as common Project Management Agency for execution of both IPDS & DDUGJY schemes in TSSPDCL @ 1% scheme cost as their contract price. Agreement concluded on date 09.05.2016.
- ◆ Power Finance Corporation (PFC) vide letter date 20.07.2017 has communicated revised sanction of IPDS scheme duly adding Husnabad Town in Karimnagar circle of TSNPDCL to Medak Projects area of TSSPDCL. Accordingly, sanction amount is Rs. 454.09 crore + PMA cost of Rs. 2.27 crore (6 Circles, 35 Towns).
- ◆ Out of 454.09 crore Sanctioned, works are awarded for Rs. 454.09 crore i.e. 100% of scheme cost.
- ◆ Works are taken up and under progress and amount of Rs. 78 crore is released by PFC towards 1st and 2nd instalments of IPDS Grant.
- ◆ An amount of Rs. 30 crore is released by PFC towards 1st instalment of Counterpart loan.
- ◆ M/s. PFC vide letter date 28.03.2018 has sanctioned additional amount of Rs. 18.75 crore for installation of 68,960 Nos. three phase smart meters under IPDS scheme in HUA area. Hence, the total IPDS scheme cost is revised to Rs. 472.84 crore (454.09+18.75).
- ◆ GoI grant for Project Management Agency is Rs. 2.54 crore (0.5% of total approved DPR cost).
- ◆ M/s. PFC vide letter date 21.02.2018 has extended time to complete implementation of project by 31.03.2018.

- ◆ Works are taken up and under progress. So far, 17 Nos. substations, 46.00Km of 33 KV OH line, 194.88 Km 11KV OH line & 420.64 Km LT line, 151.04 Km 33 & 11 KV UG cable is erected, 34.00 Km of 11KV & 182.96 Km of LT line Re-conductoring is completed, 1554 Nos. New DTRs & 1150 Nos. Enhancement of DTRs charged, 32 Nos. RMUs completed, 5827 Nos. Prepaid/smart meters completed. 824 Kilowatt Peak (kwp) Capacity of Solar rooftop panels are erected.
- ◆ An amount of Rs.169.85 crore paid through PFMS platform.
- ◆ The scheduled completion date is 31.03.2019.

III. Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

- ◆ GoI has launched DDUGJY on 03.12.2014 for rural areas to meet the gap between supply and demand for agricultural and non-agricultural consumers with the following components.
 - (a) Separation of agriculture and non-agriculture feeders
 - (b) Strengthening and augmentation of sub-transmission & distribution and Metering
 - (c) Rural Electrification
- ◆ REC Ltd. has approved the DDUGJY Scheme for an amount of Rs. 336.66 crore + 1.68 crore (PMA cost) for 4 Rural districts of TSSPDCL i.e. Mahabubnagar, Nalgonda, Rangareddy and Medak. Out of which, GoI grant is Rs. 201.99 crore (60% of total approved DPR cost). Further, GoI grant for Project Management Agency is Rs.1.68 crore (0.5% of total approved DPR cost). Grant 60% and additional grant 15% if the scheme completed within the target period. Details of works covered under DDUGJY scheme is enclosed.
- ◆ LOA was issued to M/s RECPDCL on 20.02.2016, appointing them as common Project Management Agency for execution of both IPDS & DDUJY schemes in TSSPDCL @ 1% scheme cost as their contract price. Agreement concluded on 19.05.2016.
- ◆ Division wise Tenders (23 Nos.) were called on E-procurement and LOAs issued. 23 Nos. agreements were concluded. Works are taken up and under progress. Out of 46 Nos. SS, 14 Nos. SS charged, 32 Nos. SS under progress. 252.69 KM 11KV line, 110.0 KM 33KV line, 809 Nos. DTRs are erected 1,10,312 Nos. BPL Household Services (Hhs) released against 2,14,764 Nos. registered consumers. The scheduled completion date is 31.12.2018.

IV. JICA Aided Projects in TSSPDCL

- ◆ Rural High Voltage Distribution System Project is being implemented with financial assistance from Japan International Co-operation Agency (JICA). TSSPDCL has taken up 16 packages in Mahabubnagar, Medak, Nalgonda & Rangareddy districts covering 94,466 Nos. pump sets sanctioned for an amount of Rs 449.57 crore. JICA loan portion is Rs 384.73 crore.
- ◆ Total 16 Nos. Packages are covered for 4 districts of TSSPDCL.
- ◆ Agencies have been finalized for 16 Nos. packages for an amount of Rs. 473.40 crore and the works are under progress for 16 Nos. packages.
- ◆ So far 92,772 Nos. pump sets have been converted into HVDS with a total expenditure of Rs 459.59 crore duly completing 98.21% of the total works, 31,833 Nos. 25 KVA DTRs were erected under JICA HVDS.

- ◆ 14 Nos packages have been completed in full shape within the stipulated time period of the agreement. the balance 2 Nos. packages works are under progress and the works are scheduled to be completed before 30-09-2018.

V. Smart Grid Pilot Project in TSSPDCL

- ◆ TSSPDCL has formulated Smart Grid Pilot Project in Jeedimetla and Shapur Nagar sections in Jeedimetla industrial Area, Rangareddy North circle. Ministry of Power has sanctioned the scheme for Rs.41.82 crore with 50% grants and balance 50% from internal resources of utility, with project completion period of 18 months.
- ◆ The scheme covers 11,904 consumers including all categories. The functionalities of Smart Grid Pilot are AMI for residential consumers, AMI for industrial consumers, Peak load management, Outage management and Power quantity.
- ◆ Agreement concluded with M/s. ECIL on 17.03.2016. ECIL has taken up proof of concept on one DTR & PoC is under Study.
- ◆ The Original agreement period was completed on 16.09.2017 and was extended up to June, 2018.
- ◆ The DGM – NPMU vide mail dated 02.07.2018 has informed that during 12th Monitoring Committee meeting chaired by the Secretary (Power), MoP on 07.06.2018, it was approved to grant extension for completing Smart Grid Pilot Projects till 30.09.2018.
- ◆ M/s. ECIL has submitted the following progress of Smart Grid Pilot Project:
 - a) 5000 Nos. 1Ph Smart Meters were installed out of 8000 Nos. 1Ph Meters and 1200 Nos. are commissioned.
 - b) Installation of DCUs is under progress.
 - c) DMS items – (i) 47 Nos. RMUs are erected against 62 Nos. RMUs, (ii) 30 Nos. Auto Re-closers are erected against 77 Nos. & (iii) 10 Nos. Sectionalizers are erected against 89 Nos.
 - d) Commissioning of Smart Grid Control Centre is completed.
 - e) IS 16444 Certification for 1Ph Smart meters by CPRI is under progress.

VI. 24 Hours Power Supply to Agriculture:

- ◆ M/s. REC has sanctioned 5 Nos. P:SI schemes for Strengthening of Distribution network for providing 24 Hrs supply to Agricultural Connections during day time in single spell in Mahabubnagar, Nalgonda, Medak, Rangareddy (South), Rangareddy (North) & Rangareddy (East) Circles for an amount of Rs. 380.00 crore works are completed.
- ◆ From 01.01.2018 Government of Telangana TSSPDCL is implementing 24/7 reliable supplies to all categories consumers including Agriculture consumers.

VII Mission Bhagiratha:

- ◆ The Mission Bhagiratha Project is aimed at supplying drinking water to all households in the State. For executing the project, the state government has set up Telangana Drinking Water Supply Corporation Limited (Mission Bhagiratha).

- ◆ A total of 78 Nos of locations were identified of which 2 Nos locations are at 132 kV Voltage level, 16 Nos. locations at 33 kV level and 60 Nos of locations at 11 kV Voltage level.
- ◆ All the 16 Nos. of 33/11 kV Substations are charged and in service. A total 27 Nos. of PTRs were commissioned with a 33 KV line length of 249.94 KM.
- ◆ The tentative amount of budget required for these works is Rs. 155.50 crore to TSSPDCL and the budget allocated in the first phase is Rs. 96.09 crore and balance of Rs. 59.41 crore is to be released.

5. Telangana Solar Power Policy 2015:

In the last decade, due to increasing thrust of Governments across the world towards fuel conservation and clean energy, solar power capacity has increased by over 45 times and stands at about 24 GW as on September, 2018. In India, capacity additions in solar power have been even more remarkable. The total solar capacity in Telangana has grown to nearly 3416.37 MW as on 30.10.2018.

This policy of GoTS on solar has provisions which aims at creating an enabling environment for prospective solar power developers to harness substantial quantum of solar power in the best possible manner. This in turn is expected to meet the objective of GoTS to provide competitive, reliable power supply to its consumers and also to ensure a sustainable fuel mix in the long run.

Some of the key benefits of the Policy are as mentioned below:

- ◆ Single window clearance.
- ◆ Deemed conversion to Non-agricultural land status.
- ◆ Exemption from Land ceiling Act.
- ◆ Transmission and Distribution charges for wheeling of power.
- ◆ Power scheduling and Energy Banking.
- ◆ Electricity Duty(ED).
- ◆ Cross subsidy Surcharge(CSS).
- ◆ Grid Connectivity and Evacuation facility.
- ◆ Payment of Development Charges and Layout fee .
- ◆ Refund of VAT.
- ◆ Refund of Stamp Duty.
- ◆ PCB clearances.
- ◆ Provisions under the Factories Act.
- ◆ Solar Rooftop Projects.

This policy shall come into operation with effect from the date of issue and shall remain applicable for a period of 5 years. All Solar Projects that are commissioned during the operative period shall be eligible for the incentives declared under this policy, for a period of ten (10) years from the date of commissioning.

STATUS ON POWER PROCUREMENT AS ON 31.08.2018:

Power Generation Installed Capacity:

S.No.	Type of Power House		Total Installed Capacity in MW	Telangana Share in MW	TSSPDCL allocation in MW
1*	Thermal	APGENCO	2810.00	0.00	0
		TSGENCO	3682.50	3682.50	2598.00
2	Hydel	2543.40	2374.38	1675.13	
3	Central Sector	14775.00	2490.77	1776.13	
4	Joint Sector	272.00	24.51	17.29	
5	IPPs	0.00	0.00	0.00	
6**	Non Conventional	3424.80	3424.80	2391.28	
7	Others	3270.00	3039.45	2144.33	
	Total	30777.70	15036.42	10602.18	

*Thermal Power has to be shared between the Telangana and Andhra Pradesh in ratio of 53.89% and 46.11%. But due to the issue related to receivables and stoppage notices issued by both states, the power now is being used completely by the respective states.

**Synchronized to grid values.

Solar & Wind Power:

Solar & Wind power projects synchronized to the grid:

Solar Power Projects	Sale to Discom in MW		Third Party & Captive in MW	Solar Net Meter (Roof top) in MW	Total (MW)
	Solar	Wind			
	3114.00	100.80	245.29	42.15	3502.24

Power Procurement:

Long Term:

Progress of case-1 Long Term tender for procurement of power 25 years from SDD:

S.No.	Name of the Successful Bidder	Quantum in MW	TS Share in MW	TSSPDCL Share in MW	Levelised Tariff Rs./kWh	Status	Remarks
1	M/s. Sembcorp Energy India Ltd.	500	269.45	190.1	3.675	PPA Dated 18.02.2016	Commenced supply from 30.03.2016
2	M/s. Sembcorp Energy India Ltd.	570	570	402.14	4.15	PPA Dated 01.04.2014	Commenced supply from 21.05.2016

Short Term:

Statement of Purchase Orders issued under Short Term Basis for supply of power for 2017-18 Details of Short Term Tenders called for in 2017-18

Tender No	Date of RfP	Duration	Period	Duration	Capacity called for	Capacity Taken	Price range
01/17-18	03.07.2017	Non RTC	16.07.2017 to 31.07.2017	06:00 to 16:00 Hrs	800	619	3.76
				01.08.2017 to 31.08.2017	06:00 to 16:00 Hrs	1000	1054
					19:00 to 22:00 Hrs	500	480
02/17-18	25.07.2017	Non RTC	01.08.2017 to 31.08.2017	05:00 to 10:00 Hrs	500	500	3.35
				20:00 to 24:00 Hrs	500	275	4.09
03/17-18	16.08.2017	RTC & Non RTC	01.09.2017 to 31.10.2017	RTC	500	690	3.74
				06.00 to 22.00 Hrs	500		
04/17-18	30.08.2017	RTC	11.09.2017 to 10.10.2017	RTC	500	245	4.48
05/17-18	03.11.2017	RTC & Non RTC	16.01.2018 to 15.02.2018	RTC	500	1300	4.4 to 4.42
				16.02.2018 to 15.04.2018	RTC	1000	1480
			16.01.2018 to 15.04.2018	06.00 to 10.00 Hrs	500	100	4.92
				16.00 to 22.00 Hrs	500	100	5.45
06/17-18	22.11.2017	RTC	01.01.2018 to 15.01.2018	RTC	500	745	4.19 to 4.40

6. DIVIDEND:

As there is no Profits from operations, the Directors do not recommend any dividend in the F.Y. 2017-18.

7. Details of the Deposits as per the Chapter V Section 73 of the Companies Act, 2013:

The Company has not accepted any public deposits within the meaning of Section 73 of the Companies act, 2013 and as such no amount on account of principal or interest on public deposits was outstanding as on 31st March, 2018.

8. EXTRACT OF THE ANNUAL RETURN AS PER 92(3), RULE 12 IN FORM MGT 9 – 134(3)(A)

Form MGT 9 is enclosed as Annexure – A. Page 43.

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

The Number of Board Meeting held during the Financial Year and as on 31.03.2018 are as mentioned below:

S. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1.	29.04.2017	7	7	100%
2.	30.05.2017	7	6	86%
3.	28.07.2017	7	7	100%
4.	07.09.2017	7	7	100%
5.	07.11.2017	7	6	86%
6.	23.01.2018	7	7	100%

10. DIRECTORS’ RESPONSIBILITY STATEMENT AS PER 134(5) – 134(3)(C)

Pursuant to section 134(5) of the Companies Act, 2013, your directors confirm and report that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The directors had prepared the annual accounts for the F.Y. 2017-18 on a going concern basis; and
- e) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. EXPLANATION / COMMENTS BY THE BOARD ON EVERY QUALIFICATIONS, RESERVATIONS, ADVERSE REMARKS OR DISCLAIMERS MADE BY THE STATUTORY AUDITORS & THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS 134(3)(F)

Statutory Auditor Report along with Management Reply are placed at Page No. 66.

Secretarial Auditor Report along with Management Reply is enclosed at Annexure – C - Page No. 85.

12. PARTICULARS OF THE LOANS, GUARANTEES, SECURITY OR INVESTMENTS AND THE PURPOSE FOR WHICH THE LOAN, GUARANTEE OR SECURITY IS PROPOSED TO BE UTILISED BY THE RECIPIENT AS PER 186 – 134(3)(G)

The complete details are available in the Balance sheet.

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH THE RELATED PARTIES ALONG WITH THE JUSTIFICATION FOR ENTERING INTO SUCH TRANSACTIONS AS PER 188(1) – 134(3)(H) & RULE 8(2) - FORM AOC 2

The Ministry of Corporate Affairs (MCA) vide Notiûcation dated June 5, 2015, has exempted the Government companies from Related Party Transactions under Section 188(1) & 188(2).

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

Rs. (3924.78) crore was carried to Reserves for the F.Y.2017-18

15. MATERIAL CHANGES & COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY, OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT – 134(3)(L)

1. Consequent on Formation of Telangana State w.e.f. 02.06.2014, the APCPDCL has been renamed with TSSPDCL duly excluding the Kurnool and Ananthapur circles which have become part of Residuary State of Andhra Pradesh and emerged the two circles with the Existing APSPDCL.
2. Since for bifurcation of Assets and Liabilities as on 01.06.2014 in respect of Kurnool and Ananthapur circles between the TSSPDCL and APSPDCL, the Expert Committee is formed and as per the instructions of the Committee and guidelines of G.O. Ms. No. 24 issued by the Government and also as per the AP Reorganization Act, 2014, the statement of bifurcation of Assets and Liabilities have been prepared and approved by the TSSPDCL Board on 20.04.2015 and submitted to the Expert Committee for its approval and the Expert Committee Approved it on 27.02.2018 and the same was communicated to Government of Telangana for further instructions and implementation.
3. During the Financial Year 2016-17, State Government of Telangana vide G.O. Ms. No. 225, 234 and 240 Dated 11.10.2016, has issued orders for reorganization of districts and formation of new districts in the state of Telangana. Accordingly 7 Mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL and Further, Gundala Mandal of Nalgonda which is under the territorial jurisdiction of TSSPDCL has been Demerged/Hived off and merged with Jangaon District under the territorial jurisdiction of TSNPDCL.

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

Statement is enclosed at Annexure –D. Page No. 86

17. DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY, INCLUDING THE IDENTIFICATION THEREIN OF THE ELEMENTS OF RISK, WHICH IN THE OPINION OF THE BOARD MAY THREATEN THE EXISTENCE OF THE COMPANY – 134(3)(N)

The Company is faced with risks of different types, all of which need different approaches for mitigation. Various risks associated with the business of the Company are given below:

Operational risk: To mitigate operational risks associated with distribution network, the company invests significant resources in the maintenance and protection of its critical equipments, details of which were mentioned above.

Regulatory risk: Electricity is a highly regulated sector. This exposes the company to risks with respect to changes in policies and regulations which are similar to all players in the sector.

Financial risk: Company is having a loss of Rs. 3924.78 crore and long term borrowings amounting to Rs. 5744.14 crore as on 31.3.2018.

The Financial Restructuring Package (FRP-2012) of Govt. of India & Ujwal Discom Assurance Yojana (UDAY), a Scheme for the Financial Turnaround of the Power Distribution Companies (DISCOMs), whose details are mentioned above in item no. 2 & 3 of the Directors Report in detail.

The Board of Directors of the Company are competent to take decisions on the Risk mitigation and take appropriate measures for risk management.

18. DETAILS OF THE POLICY DEVELOPED AND IMPLEMENTED ON THE CSR AND THE INITIATIVES TAKEN, COMPOSITION OF CSR COMMITTEE – 134(3)(O), RULE 9 & ANNEXURE TO THE CSR RULES

SL. No	Name	Designation
1	Sri Ajay Misra, IAS,	Special Chief Secretary to Govt., Energy Dept.
2	Sri C. Srinivasa Rao, IRAS	JMD/TSTRANSCO
3	Sri G.S.Ram Mohan Rao	Additional Secretary to Govt., Finance Dept.
4	Sri T. Srinivas	Director/Projects/TSSPDCL

The Company shall take the necessary Corporate Social Responsibility (CSR) Activities as and when required according to the company policy and CSR Committee shall monitor the same.

19. IF THE COMPANY FAILS TO SPEND THE REQUIRED AMOUNT ON CSR, THE REASONS THEREOF – 135(5)

Reasons for failure to spend the required amount on CSR

Since the company is not having any profits and having a loss of Rs. 3924.78 crore the company couldn't spend any amount on CSR. Hence this clause is not applicable.

However, the Company shall take the necessary Corporate Social Responsibility (CSR) Activities as and when required according to the company policy and CSR Committee shall monitor the same.

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

Name of the Director	Nominee Director	Date of appointment	Date of cessation, if applicable
Sri G. Raghuma Reddy	Chairman and Managing Director	26/11/2014	NA
Sri T. Srinivas	Director/Projects	31/07/2013	NA
Sri J. Srinivas Reddy	Director/operation	26/11/2014	NA
Sri Mir Kamaluddin Ali Khan	Director/HR	27/03/2015	27/03/2018
Sri Ajay Misra, IAS	Director /(Non- Whole Time)	20/12/2016	NA
Sri C. Srinivasa Rao, IRAS	Director /(Non- Whole Time)	04/03/2017	NA
Sri G.S.Ram Mohan Rao	Director /(Non- Whole Time)	02/07/2014	NA
Sri V. Anil Kumar	Company Secretary	21/07/2015	NA

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

The tenure period of Sri Mir Kamaluddin Ali Khan, Director/HR was completed on 27.03.2018 and since there are no further orders from government he is liable to be retired.

22. APPOINTMENT, QUALIFICATIONS & REMUNERATION & EVOLUTION OF THE BOARD OF DIRECTORS SECTION 134(3)(E) & SECTION 134(3)(P)

The Ministry of Corporate Affairs (MCA) vide Notification dated 5th June, 2015, has exempted the Government companies from the Policy on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Directors etc.

23. DETAILS OF THE SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS AND LITIGATION SUMMARY

Statement showing the service wise details of court cases amount pending as on date 31-03-2018.

S.No.	Circle	LT		HT		TOTAL	
		No. of Services	Rs. in crore	No. of Services	Rs. in crore	No. of Services	Rs. in crore
1	BANJARA HILLS	17	0.05	78	32.13	95	32.18
2	CYBERCITY	-	-	65	10.1	65	10.10
3	GADWAL	-	-	4	0.01	4	0.01
4	HABSIGUDA	36	0.30	124	6.45	160	6.75
5	HYDERABAD CENTRAL	29	0.19	66	14.28	95	14.47

S.No.	Circle	LT		HT		TOTAL	
		No. of Services	Rs. in crore	No. of Services	Rs. in crore	No. of Services	Rs. in crore
6	HYDERABAD SOUTH	55	0.19	27	2.45	82	2.64
7.	MAHABOONNAGAR	-	-	60	18.94	60	18.94
8	MEDAK	-	-	29	22.93	29	22.93
9	MEDCHAL	22	0.02	182	30.18	204	30.20
10	NAGARKURNOOL	-	-	9	1.92	9	1.92
11	NALGONDA	83	0.57	166	70.33	249	70.90
12	RAJENDRA NAGAR	383	3.42	234	102.49	617	105.91
13	SANGAREDDY	-	-	262	63.7	262	63.70
14	SAROORNAGAR	71	0.17	34	6.11	105	6.28
15	SECUNDERABAD	41	0.09	93	5.58	134	5.67
16	SIDDIPET	-	-	24	10.62	24	10.62
17	SURYAPET	19	0.02	110	52.09	129	52.11
18	VIKARABAD	-	-	10	86.99	10	86.99
19	WANAPARTHY	-	-	5	0.02	5	0.02
20	YADADRI	15	0.08	65	14.29	80	14.37
	Total	771	5.10	1647	551.61	2418	556.71

24. DISCLOSURE OF THE COMPOSITION OF AUDIT COMMITTEE AND WHERE THE BOARD HAS NOT ACCEPTED ANY RECOMMENDATION OF THE AUDIT COMMITTEE, THE REASONS FOR NOT ACCEPTING SUCH RECOMMENDATIONS – 177(8)

SL. No	Name	Designation
1	Sri Ajay Misra, IAS,	Special Chief Secretary to Govt., Energy Dept.
2	Sri C. Srinivasa Rao, IRAS	JMD/TSTRANSCO
3	Sri G.S.Ram Mohan Rao	Additional Secretary to Govt., Finance Dept.
4	Sri T. Srinivas	Director/Projects/TSSPDCL

The board has considered and accepted all the recommendations of the Audit Committee and there are no recommendations which were not accepted during the F.Y. 2017-18.

- 1. Manpower:** The manpower (officers and staff) stood at 8,944 for the F.Y. 2017-18 when compared to the 9,070 for the F.Y. 2016-17.

The category wise employee's filled is indicated below:

Sl. No	Name of the Category	F.Y. 2017-18	F.Y. 2016-17
1	Engineering service	1,733	1,707
2	Accounts and P&G service	1,964	2,012
3	O&M and construction service	5,151	5,264
4	Others (including deputations)	96	87
	Total	8,944	9,070

- 2. Training to Employees:** Based on the needs identified for development of required competencies, a variety of training programmes for both functional and behavioural aspects have been conducted across the organization. During F.Y. 2017-18 training has been imparted to 3,770 employees regarding new technologies in Power Sector, IT initiatives, HR activities.
- 3. Employees welfare:** Total 78 (Seventy Eight) dependents of deceased employees have been provided employment in the company under compassionate grounds during the F.Y. 2017-18.

26. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM – 177(9) & (10)

Board approved the Vigil Mechanism Policy -2015 pursuant to Section 177 (9) of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 at its board meeting held on 06th August, 2015 for directors and employees to report to the management instances of irregularity, unethical practices and /or misconduct in line with the above policy. The details of such policy were communicated to all offices apart from disclosing in the Company's website www.tssouthernpower.com.

Vigil Mechanism was constituted Vide: S.O.O. (CS) Ms.No.638, date 18.08.2015 with the following members to provide the adequate safeguards against the victimization of employees and directors.

SL. No	Name	Designation
1	Sri Ajay Misra, IAS,	Special Chief Secretary to Govt., Energy Dept.
2	Sri C. Srinivasa Rao, IRAS	JMD/TSTRANSCO
3	Sri G.S.Ram Mohan Rao	Additional Secretary to Govt., Finance Dept.
4	Sri T. Srinivas	Director/Projects/TSSPDCL

27. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

A Complaints Committee was constituted with the members indicated therein to prevent or deter the commission of acts of Sexual harassment on women employees in APCPDCL (Now TSSPDCL) for holding the office for a period of one year. Consequently, on completion of one year period, the committee was

re-constituted vide reference SP.O.O.CGM (HRD) Rt. No. 119, date 09.02.2017 with the members as indicated therein to hold office till 31.12.2017.

Complaints Committee was Constituted Vide: SP.O.O.CGM (HRD) Rt.No.40, date 11.01.2018.

The following officers were nominated for the Complaints Committee:

SI. No	Name	Designation
1.	Smt. K. Shobha Rani, CGM/Member (Accts)/CGRF.II	Chairperson
2.	Smt. G. Sudha, General Manager (per.,)	Member
3.	Sri B. Redya Naik, General Manager(IR & Legal)	Member
4.	Sri R. Narender Reddy, DEE/MPP	Member
5.	Smt. M. Jyothi Rani, Divisional Engineer/Telecom/ SCADA	Member
6.	Smt. Sandhya Sri, DE/MRT/Habsiguda	Member

28. INTERNAL AUDIT

The Board approved the following firms as Internal Auditors for the F.Y. 2017-18 at the Board Meeting held on 07.11.2017 vide SP. O. O. CGM (HRD) Rt. No. 1442, date 28.12.2017.

S.No	Circles/set of Circles	Chartered Accountant Firm	L1 Per Month
1	Medak, Sangareddy and Siddipet (including Corporate Office)	M/s. Sriram & Co.	50,000
2	Nalgonda, Suryapet and Yadagiri	M/s. Sampath & Ramesh	50,000
3	Mahaboobnagar, Nagarkurnool, Wanaparthy and Gadwal (including Master Plan Circle)	M/s. Komandoor & Co.	50,000
4	Cybercity, Vikarabad, Rajendra nagar, Habsiguda and Medchal (including SCADA Circle)	M/s. Eswar & Co.	50,000
5	Saroonagar, Banjara Hills, Secunderabad, Hyderabad South & Hyderabad Central	M/s. Niranjana & Narayan	50,000

29. STATUTORY AUDITORS

Statutory Auditor

M/s. BRAHMAYYA & CO (SR0013), Chartered Accountants, were appointed by the Comptroller and Auditor General of India (CAG) as Statutory Auditors of the Company for the F.Y. 2017 -18.



Secretarial Auditor:

M/s. KCC & Associates, Company Secretaries was appointed as Secretarial Auditors of the Company for the F.Y. 2017-18.

Cost Auditor:

M/s. BVR & Associates, Cost Accountants was appointed as Cost Auditors of the Company for the F.Y. 2017-18.

30. ACKNOWLEDGEMENTS

Your Directors acknowledge the invaluable support and co-operation of the Chairman & Managing Director, TS TRANSCO and Chairman & Managing Directors of TS NPDCL, TS GENCO, AP TRANSCO, APGENCO & AP DISCOMS

We take this opportunity to thank the Secretary, Energy Department, Government of Telangana, The Secretary, TSERC and other officials of the Govt. of Telangana, the Office of the Comptroller & Auditor General of India, the Bankers and Financial Institutions and look forward to their continued support in the future.

We also wish to congratulate the employees as well as the Employee's Unions and the Engineers' and Officers' Associations of TSSPDCL, for their invaluable services.

For and on behalf of the Board of Directors

Southern Power Distribution Company Of Telangana Limited

CIN - U40109TG2000SGC034116

Sd/-

Sri P Narasimha Rao

Director (Finance)/CFO

DIN:08242557

Sd/-

Sri G. Raghuma Reddy

Chairman and Managing Director

DIN- 02943771



Annexure A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31/03/2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	U40109TG2000SGC034116
	Registration Date [DDMMYYYY]	30.03.2000
ii)	Category of the Company [Pl. tick]	A Government of Telangana Undertaking (State Govt. Company) Unlisted Public Company
	Whether shares listed on recognized Stock Exchange(s)	No
vi)	NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:	
	Company Name	Southern Power Distribution Company of Telangana Limited.
	Address	Corporate office, # 6-1-50, Mint Compound, Lakdikapool
	Town / City	Hyderabad
	State	Telangana State
	Pin Code:	500063
	Country Name :	India
	Country Code	+91
	Telephone (With STD Area Code Number)	040-23431011
	Fax Number :	NA
	Email Address	cs@tssouthernpower.com
	Website	www.tssouthernpower.com
	Name of the Police Station having jurisdiction where the registered office is situated	Saifabad Police Station

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S.No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Distribution and Retail supply of Electricity in the licensed area of the company (i.e) Hyderabad, Rangareddy, Medchal, Sangareddy, Medak, Siddipet, Vikarabad, Mahabubnagar, Wanaparthy, Nagarkurnool, Gadwal, Nalgonda, Suryapet and Yadadri	35109 / Collection and distribution of electric energy to households, industrial, commercial and other users n.e.c.	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S.No	Name And Address Of The Company	CIN/GLN	Holding Company/ Subsidiary /Associate
1	Southern Power Distribution Company of Telangana Limited. Corporate office, # 6-1-50, Mint Compound, Hyderabad -500063, Telangana State.	U40109TG2000SGC034116	Not Applicable (State government of Telangana Undertaking)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	72,84,79,600	7,28,47,96,000	99.99%	0	72,84,79,600	7,28,47,96,000	99.99%	NIL
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	9	90	0.01%	0	9	90	0.01%	0
Total shareholding of Promoter (A)	0	72,84,79,600	7,28,47,96,000	99.99%	0	72,84,79,600	7,28,47,96,000	99.99%	NIL
B. Public Shareholding	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	72,84,79,609	7,28,47,96,090	100%	0	72,84,79,609	7,28,47,96,090	100%	NIL

B) Shareholding of Promoter

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
1	Governor of Telangana	728,479,600	100 %	0	728,479,600	100 %	0	0
	Total	728,479,600	100 %	0	728,479,600	100 %	0	0

- ✦ The Share capital held by the Hon'ble Governor of Andhra Pradesh transferred to Hon'ble Governor of Telangana on account of bifurcation of the state as per A.P. Reorganization Act, 2014 and G.O. Ms. No. 11, Energy (Budget) Department, Dated: 18.10.2014.
- ✦ The Authorized Capital of the Company was increased from Rs.4,000 crore to Rs. 12,000 crore and Amendment of the Capital Clause in the Memorandum of Association & Article of Association of the Company in view of funds receivable under UDAY Scheme.

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

S.No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
1.	Sri Ajay Misra, IAS, Special Chief Secretary to Govt., Energy Dept., Director (Non-Whole Time)/ TSSPDCL of Telangana	2	0	0	2	0	0	0
2.	Sri D Prabhakara Rao , Chairman and Managing Director[FAC] / TSTRANSCO	1	0	0	1	0	0	0
3.	Sri C. Srinivasa Rao, IRAS JMD/ TSTRANSCO	1	0	0	1	0	0	0
4.	Sri G .Raghuma Reddy Chairman and Managing Director, TSSPDCL	2	0	0	2	0	0	0

S.No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
5.	Sri J. Srinivasa Reddy, Director Operations & PMM /TSSPDCL	1	0	0	1	0	0	0
6.	Sri T. Srinivas, Director (Projects) /TSSPDCL	1	0	0	1	0	0	0
7.	Sri Mir Kamaluddin Ali Khan Director/HRD/TSSPDCL	1	0	0	1	0	0	0
8.	Sri G. Devender Reddy, Assistant Secretary to Govt., Energy Department, Government of Telangana, Representative on behalf of Governor of Telangana)	72,84,79,600	0	0	72,84,79,600	0	0	0
	Total	72,84,79,609	100%		72,84,79,609	100%		

D) Shareholding Pattern of top ten Shareholders: 31.3.2018

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors				
1.	Sri G. Devender Reddy, Assistant Secretary to Govt., Energy Department, Government of Telangana, Representative on behalf of Governor of Telangana)				
A	At the beginning of the year	72,84,79,600	99.99%	72,84,79,600	99.99%
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
C	At the end of the year	72,84,79,600	99.99%	72,84,79,600	99.99%

E) Shareholding of Directors and Key Managerial Personnel: 31.03.2018

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sri G. Raghuma Reddy Chairman and Managing Director TSSPDCL				
A	At the beginning of the year	2	0	2	0
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
C	At the end of the year	2	0	2	0
2.	Sri T. Srinivas Director (Projects), TSSPDCL				
A	At the beginning of the year	1	0	1	0
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
C	At the end of the year	1	0	1	0
3.	Sri J. Srinivasa Reddy, Director Operations & PMM / TSSPDCL				
A	At the beginning of the year	1	0	1	0
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
C	At the end of the year	1	0	1	0
4.	Sri Mir Kamaluddin Ali Khan Director/HR/TSSPDCL				
A	At the beginning of the year	1	0	1	0
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
C	At the end of the year	1	0	1	0

F) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	43,62,37,68,621	25,10,45,80,690	-	68,72,83,49,311
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	43,62,37,68,621	25,10,45,80,690		68,72,83,49,311
Change in Indebtedness during the financial year				
* Addition	28,15,22,35,343	5,18,01,53,997	-	33,33,23,89,340
* Reduction				
Net Change	28,15,22,35,343	5,18,01,53,997		33,33,23,89,340
Indebtedness at the end of the financial year				
i) Principal Amount	71,77,60,03,964	30,28,47,34,687	-	1,02,06,07,38,651
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	71,77,60,03,964	30,28,47,34,687		1,02,06,07,38,651

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No	Particulars of Remuneration	G. Raghuma Reddy (CMD)	T. Srinivas Dir/Op	J. Srinivas Reddy Dir/Op	Mir Kamaluddin Ali Khan (Dir/HR)
1.	Gross salary(a)Salary as per provisions contained in section17(1) of the Income - tax Act,1961(b)Value of perquisites u/s 17(2)Income-tax Act, 1961(c)Profits in lieu of salary undersection17(3) Income – tax Act, 1961	22,95,775	21,47,550	20,74,950	20,20,500
2.	Stock Option	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA
4.	Commission - as % of profit - others, specify...	NA	NA	NA	NA
5.	Others, please specify (Total deductions Professional Tax & Income Tax)	NA	NA	NA	NA
	Total(A)	22,95,775	21,47,550	20,74,950	20,20,500
	Ceiling as per the Act	The Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has exempted the Government companies from ceiling on remuneration under Section 197 of the companies act, 2013.			

B. Remuneration to other directors (Non Whole time Directors)

S.No.	Particulars of Remuneration	Name of the Director	Name of the Director	Name of the Director
		Sri Ajay Misra, IAS, Special Chief Secretary to Govt., Energy Dept., Director (Non-Whole Time)/ TSSPDCL of Telangana	Sri G.S.Ram Mohan Rao, Additional Secretary to Govt., Finance Dept, Director (Non-Whole Time)/ TSSPDCL	Sri C. Srinivasa Rao, IRAS, JMD/ TSTRANSCO/ (Non-whole time) /TSSPDCL
	Non whole time Directors Fee for attending board and committee meetings Commission Others, please specify	NA	NA	NA
	Total Amount	25000/-	15000/-	25000/-
	Overall Ceiling as per the Act	The Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has exempted the Government companies from ceiling on remuneration under Section 197 of the companies act, 2013.		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/Whole-time Directors

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	V. Anil Kumar Company Secretary	CFO	Total
1.	Gross salary (a)Salary as per provisions contained in section 17(1)of the Income-tax Act, 1961(b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17 (3) Income-tax Act,1961	NA	Rs. 10,21,170	NA	NA
2.	Stock Option	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA
4.	Commission- as % of profit-others, specify...	NA	NA	NA	NA
5.	Others, please specify(deductions Provident Fund & Professional tax)	NA	NA	NA	NA
	Total	NA	Rs.10,21,170/-	NA	NA

PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B. DIRECTORS					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA



**INDEPENDENT
AUDITOR'S REPORT
AND COMPANY REPLIES**





INDEPENDENT AUDITORS' REPORT

To
The Members of
Southern Power Distribution Company of Telangana Limited,
Hyderabad.

Report on the Financial Statements:

1. We have audited the accompanying financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited) ("the Company")**, Hyderabad, which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from



material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

Basis for Qualified Opinion:

4. We are informed that the Company is governed by the Electricity Act, 2003 and accordingly the provisions of the said Act would prevail, wherever the same are inconsistent with the provisions of the Companies Act, 2013 in terms of section 174 of the Electricity Act. Accordingly, in terms of section 185(2)(d) of the Electricity Act, the Annual accounts of the Company have been prepared as per the rules prescribed under "Electricity (Supply) (Annual Accounts) Rules 1985. Accordingly the Company has not complied with some of the mandatory Accounting Standards, as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the requirements of Schedule- III to the companies Act, 2013, details of which are given here under:
 - a) Capitalization of administrative overheads (including staff cost) at 10% of the direct cost of the assets capitalized during the year as per the company's Accounting Policy No.1.5 (c), amounting to Rs.109,49,26,960/-, is not in accordance with Accounting Standard-10: "Property Plant and Equipment", as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.
 - b) Carrying the written down value of the "burnt meters", which are replaced with "new meters" in the company's books of account, which is not in accordance with the Accounting Standard 10: "Property Plant and Equipment", as the same are no longer in existence, amount of which is not determinable.
 - c) As stated in Accounting Policy No.1.8, recognition of the contributions received from consumers and specific grants from the state/central governments or their agencies for creation of tangible assets as "Reserves" on receipt basis, even before the creation of the said assets and adjustment of the same against depreciation on the proportionate value of the assets built out of the said contributions and grants, instead of the specific assets created with the said contributions/ grants, which is contrary to Accounting Standard 12" Accounting for Government Grants"
 - d) Non-recognition of the "parcels of land" received at free of cost from State Government and its agencies in the books of account, as required by Accounting Standard 12: " Accounting for Government Grants"



5. Consequent to the creation of the State of Telangana, in accordance with the Andhra Pradesh Reorganization Act 2014, the Ananthapur and Kurnool operating business circles of the company have been reassigned to APSPDCL with effect from 2nd June, 2014 in accordance with G.O. Ms. No. 24 dated 29th May, 2014 issued by State Government of Andhra Pradesh. The company has recognized the transfer of assets and liabilities in the financial year 2015-16 of these two Circles in its books of account, as per the “Basis of Apportionment” mentioned in the said G.O, which is approval by the Expert Committee constituted by the Government of India, which is computed under the “pooling of interest” method. The company instead of recognizing the share of the said two Circles in the “Share Capital” of Rs. 325,27,89,980 as a reduction in the share capital, recognized Rs. 723,00,74,154 as “Capital Reserve” resulting in understatement of its negative net-worth by Rs. 1048,28,64,134 and consequential overstatement of “Receivables.”
6. We report that the following accounts have not been reconciled as at 31st March 2018 and accordingly we are unable to express an opinion on the effect of said un-reconciled amounts on the (Loss) of the company for the year:
 - a. Inter units’ accounts with a credit balance of Rs. 11,01,77,268/-.
 - b. Amount appearing under “Debt servicing Clearing A/c” with a debit balance of Rs. 9,49,63,730/-

Qualified Opinion:

7. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in sub-paragraphs 4 to 6 in the Basis for Qualified Opinion paragraphs, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its losses and its cash flows for the year ended on that date.

Emphasis of Matters:

8. Consequent to the amendment brought in vide G.O.Ms. 396 dated 09.06.2005 to the second transfer scheme notified vide G.O.Ms. 142 dated 29.09.2001, the Company has incorporated in its books of account as on 01.04.2010, various assets, including fixed assets and liabilities towards power purchase, supplies & services received and balances outstanding in respect of the loans, representing term loans, cash credits, working capital loans received from various banks and financial institutions, other receivables from the State Government of AP, of the amounts mentioned in the two notifications referred to above. We understand that the above amounts, at which the various assets and liabilities are recognized in the books of account as on that date, are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP.
9. State Government of Andhra Pradesh amended retrospectively with effect from 09.06.2005, the share of each DISCOM in various bulk supply power purchase agreements vide its notification No. 53 Energy



(Power III) dated 28.04.2008. We are informed that the company has made a representation to give effect to the said revised sharing prospectively. Pending disposal of the company's representation, the contingent liability/receivables, if any, due to the said retrospective amendment of the share of the company in various bulk supply of power purchase agreements has not been disclosed in the books of account.

10. During the Financial Year 2016-17, State Government of Telangana vide G.O. Ms. No. 225, 234 and 240 Dated 11.10.2016, has issued orders for reorganization of districts and formation of new districts in the state of Telangana. Accordingly 7 Mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL and further, Gundala Mandal of Nalgonda which is under the territorial jurisdiction of TSSPDCL has been Demerged/Hived off and merged with Jangaon District under the territorial jurisdiction of TSNPDCL. During the year under report the adjustment entries to assets and liabilities as on 11.10.2016 pertaining to the said Mandals merged and demerged have been made in the books of account of the company.
11. Current accounts maintained with various banks have Board excess, being cheques/ cash deposited in banks and not appearing in banks' statements of account of Rs. 8,19,20,387/- (of which Rs. 4,29,00,878/- outstanding for more than three months) and Bank excess, representing amounts credited by banks but not appearing in the books of account of the company of Rs. 14,12,73,839/- as on 31.03.2018.
12. Letters of confirmation of balances have not been provided for our verification in respect of the following, the impact that may result on reconciliation and review of the same cannot be ascertained:
 - a. Balances due to / from various vendors for supplies and services, other power distribution companies.
 - b. Balances due from / to various consumers/customers.

Our opinion is not qualified in respect of the aforesaid matters

Other Matters:

13. In terms of G.O.Ms No 21, Energy (Power – III) dated 12.05.2014, “Telangana State Power Coordination Committee” (TSPCC), which has no separate legal entity under any statute, administers matters relating to purchase of power including the allocation of the said cost of purchase between various DISCOMs, including “Expensive Power” sale of power between various DISCOMs, interstate sale/ purchase of power and maintains the books of account in respect of the same on behalf of the various DISCOMs in the State of Telangana. Further these transactions are subjected to audit by an independent firm of Chartered Accountants. Accordingly the transactions relating to purchase of power, sale/purchase of power to/ from other DISCOMs, balances due to/ from various DISCOMs, write back of excess provisions in earlier years towards cost of power purchased, interstate sale of power, subsidies from State Government, provision towards doubtful recovery of subsidy from the State Government towards expensive power recognized in the books of account in earlier years, borrowings made for the purchase of power being cash credit facilities and short term borrowings from banks, financial institutions, State & Central Governments together with interest, disclosures regarding contingent liabilities etc., are incorporated in the books of account of the



company based on the information provided by TSPCC, duly certified by the independent firm of Chartered Accountants. Consequently, besides carrying out our independent verification we have also relied upon the certification provided by the independent firm of Chartered Accountants in respect of the above matters.

Our opinion is not qualified in respect of the aforesaid matters

Report on Other Legal and Regulatory Requirements:

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(5) of the Act, we have considered the directions / sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the financial statements of the Company are given in the **Annexure B**.
16. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow statement dealt with by this Report are in agreement with the books of account.
 - d) Except for the matters described in the Basis for Qualified Opinion Paragraphs, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The matters described in the Basis for Qualified Opinion above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C" to this report.





- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. We are informed that the Company does not have any pending litigations that would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Registration Number: 000513S

Sd/-

(C. V. Ramana Rao)

Partner

Membership Number: 018545

Place: Hyderabad

Date: 13-11-2018



Annexure A to the Independent Auditor's Report:

The **Annexure A** referred to in paragraph 14 of our Independent Auditor's report of even date, to the members of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad** for the year ended 31st March 2018.

We report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) We are informed by the company that no physical verification of fixed assets has been carried-out during the year under report. Accordingly, we are unable to comment regarding any material discrepancies between the fixed assets register and the assets physically available.
- c) We are informed by the company that purchase/gift / lease deeds are generally executed in respect of "parcels of land" purchased/ gifted/ given on long term lease upto 99 years to the company by private parties, which are generally kept at various field offices of the company and accordingly complete details along with the said deeds could not be provided to us, except a very few deeds executed during the year under audit. We are also informed by the company that in respect of the "parcels of land" alienated to it by the State Government or its agencies other than the letters of alienation/allotment/ physical handing over, no other legal documents are generally executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.
- ii) Physical verification of inventory has been conducted during the year by the management at reasonable intervals. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv) The company has neither given any loans to the directors or any other persons in whom the director is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013.
- v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.
- vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance



of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

- vii) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other statutory dues which were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable, except the following:

Name of the statute/Authority	Nature of dues	Period to which the amount relates	Amount (In Lakhs)
Central Sales Tax Act, 1956	Central Sales Tax	From FY 2012-13 to 2015-16	0.97
Income Tax Act, 1961	Tax Collected at Source	From FY 2010-11 to FY 2015-16	0.56
AP V.A.T Act, 2005	Value Added Tax	From FY 2010-11 to FY 2016-17	0.92

- b) As at 31st March 2018, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:

S.No.	Name of the Statute	Nature of the Dues	Amount (Rs. In Crore)	Period to which the amount relates	Forum where dispute is pending
1.	A.P. Tax on entry of goods in local area Act, 2001	Entry tax on goods purchased from outside state	234.96	For the financial year from 2002-03 to 2016-17	Hon'ble Supreme Court of India
2.	A.P. General Sales Tax Act, 1956	Sales Tax	1.34	For the financial year from 2001-02 to 2004-05	Hon'ble A.P Sales Tax Appellate Tribunal, Hyderabad
3.	A.P.VAT Act, 2005	VAT	90.99	For the financial year from 2008-09 to 2012-13	Hon'ble A.P High court, Hyderabad
4.	Income Tax Act, 1961	TDS	93.25	For the Assessment years from 2007-08 to 2009-10	Hon'ble Supreme Court of India and Hon'ble High Court of Hyderabad



- viii) According to the information and explanations given to us, the Company has not defaulted in repayment of any loan installments in respect of term loans from financial institutions and banks.
- ix) In our opinion and according to the information and explanations given to us, the Term Loans obtained during the financial year under report and in earlier years have been applied for the purposes for which they were raised.
- x) According to the information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion, the company is not a Nidhi Company. Consequently the clause 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Accounting Standards are disclosed in the financial statements.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year under review. Consequently the clause 3(xiv) of the order is not applicable.
- xv) The Company has not entered into any non cash transactions with the directors or persons connected with them during the year under report. Consequently the clause 3(xv) of the order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently the clause 3(xvi) of the order is not applicable.

For BRAHMAYYA & CO.,

Chartered Accountants

Firms' Registration Number. 000513S

Sd/-

(C. V. Ramana Rao)

Partner

Membership No.018545

Place: Hyderabad

Date: 13-11-2018



The **Annexure B** referred to in paragraph 15 of our Independent Auditor's report of even date on the financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad**

We report that:

S.No	Questions	Replies
1	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available.	We are informed by the company that purchase/gift / lease deeds are generally executed in respect of “parcels of land” purchased/ gifted/ given on long term lease upto 99 years to the company by private parties, which are generally kept at various field offices of the company and accordingly complete details along with the said deeds could not be provided to us, except a very few deeds executed during the year under audit. We are also informed by the company that in respect of the “parcels of land” alienated to it by the State Government or its agencies, other than the letters of alienation/allotment/ physical handing over, no other legal documents are executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a very few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.
2	Whether there are any cases of waiver /write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	During the year there has been an instance of write off of receivable of Rs. 88.96 Lakhs in the books of account of the company which is kept under the personal account of an officer of the company for non-closure of various pending work orders in earlier years.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities?	We are informed that no inventory of the company is lying with third parties as at the end of the year.



We are informed that during the year, company has received the “parcels of land” alienated to it by the State Government or its agencies, other than the letters of alienation/allotment/ physical handing over, no other legal documents are executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a very few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.

For BRAHMAYYA & CO.,

Chartered Accountants

Firms' Registration Number: 000513S

Sd/-

(C. V. Ramana Rao)

Partner

Membership Number: 018545

Place: Hyderabad

Date: 13-11-2018



The **Annexure C** referred to in paragraph 16 (g) of our Independent Auditor's report of even date on the financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad**

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited) ("the Company")**, Hyderabad, as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

A. Management's Responsibility for Internal Financial Controls

1. The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

B. Auditors' Responsibility

2. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
3. An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



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

C. Meaning of Internal Financial Controls over Financial Reporting

5. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:
 - i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

D. Inherent Limitations of Internal Financial Controls over Financial Reporting

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

E. Qualified Opinion

7. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the company's internal controls over financial reporting as at March, 2018;
8. Absence of control in respect of:
 - a. Seeking balance confirmations and performing periodical reconciliations of various receivables, payables, deposits, advances etc.
 - b. Conducting bank reconciliation of bank pool account operated by TSPCC.
 - c. Capitalization of capital work orders without work order completion certificates and non-closure of work orders.
 - d. Accounting of assets discarded in the books of account, like "burnt meters replaced".



9. A material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is reasonable possibility that a material misstatement/(s) of the company's annual financial statements will not be prevented or detected on a timely basis.
10. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" and except for the possible effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the company's internal financial controls over financial reporting were operating effectively as at 31st March, 2018.

For BRAHMAYYA & CO.,

Chartered Accountants

Firms' Registration Number: 000513S

Sd/-

(C. V. Ramana Rao)

Partner

Membership Number: 018545

Place: Hyderabad

Date: 13-11-2018

Independent Auditor’s Qualifications / Remarks and Replies of the TSSPDCL for F.Y. 2017-18

Basis for Qualified Opinion

We are informed that the Company is governed by the Electricity Act, 2003 and accordingly the provisions of the said Act would prevail, wherever the same are inconsistent with the provisions of the Companies Act, 2013 in terms of section 174 of the Electricity Act. Accordingly, in terms of section 185(2)(d) of the Electricity Act, the Annual accounts of the Company have been prepared as per the rules prescribed under “Electricity (Supply) (Annual Accounts) Rules 1985. Accordingly, the Company has not complied with some of the mandatory Accounting Standards, as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the requirements of Schedule- III to the Companies Act, 2013, details of which are given here under:

STATUTORY AUDITOR’S QUALIFICATION	COMPANY’S REPLY
a) Capitalization of administrative overheads (including staff cost) at 10% of the direct cost of the assets capitalized during the year as per the company’s Accounting Policy No.1.5 (c), amounting to Rs.109,49,26,960/-, is not in accordance with Accounting Standard-10: “Property Plant and Equipment”, as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.	Ten percent of the cost of capital work is capitalized towards Employees Cost and Administrative & General expenses, as the operation circles are executing both capital works and operation & maintenance works, and it is not practicable to maintain records to identify the man hours spent by the staff on capital works.
b) Carrying the written down value of the “burnt meters”, which are replaced with “new meters” in the company’s books of account, which is not in accordance with the Accounting Standard 10: “Property Plant and Equipment”, as the same are no longer in existence, amount of which is not determinable.	Burnt meters numbering to 39209 were replaced with new meters during the year under audit. Out of the above 11591 meters were retired from the books of accounts. However, every step will be taken care to retire the balance meters at the earliest possible.
c) As stated in Accounting Policy No.1.8, recognition of the contributions received from consumers and specific grants from the state/ central governments or their agencies for creation of tangible assets as “Reserves” on receipt basis, even before the creation of the said assets and	The construction of assets is being taking place on a large-scale basis i.e., the construction of assets is being done with the source of finance from long term Borrowings, Govt Grants and from Internal Sources. Keeping in view of this Identification of assets with reference to Govt

<p>adjustment of the same against depreciation on the proportionate value of the assets built out of the said contributions and grants, instead of the specific assets created with the said contributions/ grants, which is contrary to Accounting Standard 12" Accounting for GovernmentGrants"</p>	<p>grants / Consumer contributions can be established only when the special bank accounts are opened for the source of finance and as well as accounts for spending the funds.</p>
<p>d) Non-recognition of the "parcels of land" received at free of cost from State Government and its agencies in the books of account, as required by Accounting Standard 12: "Accounting for GovernmentGrants"</p>	<p>Every care is being taken to keep a mechanism for recognizing the parcels of land received at free of cost from the State Government and its agencies. The records pertaining to these are being maintained at respective division level.</p>
<p>5. Consequent to the creation of the State of Telangana, in accordance with the Andhra Pradesh Reorganization Act 2014, the Ananthapur and Kurnool operatingbusiness circles of the company have been reassigned to APSPDCL with effect from 2nd June 2014 in accordance with G.O. Ms. No. 24 dated 29th May 2014 issued by State Government of Andhra Pradesh. The company has recognized the transfer of assets and liabilities in the financial year 2015-16 of these two Circles in its books of account, as per the "Basis of Apportionment" mentioned in the said G.O, which is approval by the Expert Committee constituted by the Government of India, which is computed under the "pooling of interest" method. The company instead of recognizing the share of the said two Circles in the "Share Capital" of Rs. 325,27,89,980 as a reduction in the share capital, recognized Rs.723,00,74,154 as "Capital Reserve" resulting in understatement of its negative net-worth by Rs.1048,28,64,134 and consequential overstatement of "Receivables."</p>	<p>The Expert Committed appointed by the Government of India has finalized the bifurcation of Assets and Liabilities between the APSPDCL and TSSPDCL and approved the same on 15-03-2018 duly signed by the CMDs of the both the DISCOMS, Chairperson and Members of the Expert Committee. The bifurcation of assets and liabilities was independently audited and certified by M/s. Sharad & Associates. Post bifurcation issues are still pending between Andhra Pradesh and Telangana and as on today employee bifurcation has not been taken up</p>
<p>6) We report that the following accounts have not been reconciled as at 31st March 2018 and accordingly we are unable to express an opinion on the effect of said un-reconciled amounts on the (Loss) of the company for theyear:</p>	

<p>a) Inter units' accounts with a credit balance of Rs.11,01,77,268/-.</p>	<p>The company is making all out efforts in clearing the balance in this account. However, there are few legacy transactions involved in it. The company is doing the reconciliation on continuous basis, as on today the balance in this account is only Rs. 6.11 Crores. For the balance amount reconciliation will be taken up on priority basis.</p>
<p>b) Amount appearing under “Debt servicing Clearing A/c” with a debit balance of Rs.9,49,63,730/-</p>	<p>During the year under review, the balance in this account has been brought down significantly from Rs. 31.69 Crores of previous year 2016-17. Steps will be taken in clearing the same.</p>
<p>Qualified Opinion:</p> <p>7) In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in sub-paragraphs 4 to 7 in the Basis for Qualified Opinion paragraphs, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its losses and its cash flows for the year ended on that date.</p>	
<p>Emphasis of Matters:8) Consequent to the amendment brought in vide G.O.Ms.396 dated 09.06.2005 to the second transfer scheme notified vide G.O.Ms. 142 dated 29.09.2001, the Company has incorporated in its books of account as on 01.04.2010, various assets, including fixed assets and liabilities towards power purchase, supplies & services received and balances outstanding in respect of the loans, representing term loans, cash credits, working capital loans received from various banks and financial institutions, other receivables from the State Government of AP, of the amounts mentioned in the two notifications referred to above. We understand that the above amounts, at which the various assets and liabilities are recognized in the books of account as on that date, are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP.</p>	<p>Informative only</p>

<p>09) State Government of Andhra Pradesh amended retrospectively with effect from 09.06.2005, the share of each DISCOM in various bulk supply power purchase agreements vide its notification NO. 53 Energy (Power III) dated 28.04.2008. We are informed that the company has made a representation to give effect to the said revised sharing prospectively. Pending disposal of the company's representation, the contingent liability/receivables, if any, due to the said retrospective amendment of the share of the company in various bulk supply of power purchase agreements has not been disclosed in the books of account.</p>	<p>Informative only</p>
<p>10) During the Financial Year 2016-17, State Government of Telangana vide G.O. Ms. No. 225, 234 and 240 Dated 11.10.2016, has issued orders for reorganization of districts and formation of new districts in the state of Telangana. Accordingly, 7 Mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL and Further, Gundala Mandal of Nalgonda which is under the territorial jurisdiction of TSSPDCL has been Demerged/Hived off and merged with Jangaon District under the territorial jurisdiction of TSNPDCL. During the year under report the adjustment entries to assets and liabilities as on 11.10.2016 pertaining to the said Mandals merged and demerged have been made in the books of account of the company.</p>	<p>Informative only</p>
<p>11) Current accounts maintained with various banks have Board excess, being cheques/ cash deposited in banks and not appearing in banks' statements of account of Rs.8,19,20,387/- (of which Rs.4,29,00,878/- outstanding for more than three months) and Bank excess, representing amounts credited by banks but not appearing in the books of account of the company of Rs.14,12,73,839/- as on 31.03.2018.</p>	<p>In view of the reorganization of new Districts in Telangana certain circles were bifurcated and new circles are formed, the transaction pertaining to these units and their data migration is still in progress. Number of new units have opened new Bank Accounts and their reconciliation is in progress. The transactions effected on 31-03-2018 are spilled over for next month because of Revenue Drive and huge collections.</p>

Our opinion is not qualified in respect of these aforesaid matters	
12) Letters of confirmation of balances have not been provided for our verification in respect of the following, the impact that may result on reconciliation and review of the same cannot be ascertained:	
a. Balances due to / from various vendors for supplies and services, other power distribution companies	Necessary steps in getting the confirmation from Power Purchase Creditors and other Discoms during the next financial year.
b. Balances due from/ to various consumers/ customers	The consumers are being served with notice to make the payment for the current month consumption as well as for the arrears if any, it can be construed as confirmation since there was no objection/dissent from the consumers for the bills issued from time to time. The consumer base of the company is more than 76 lakhs.
<p>Other Matters:</p> <p>13) In terms of G.O.Ms No 21, Energy (Power – III) dated 12.05.2014, “Telangana State Power Coordination Committee” (TSPCC), which has no separate legal entity under any statute, administers matters relating to purchase of power including the allocation of the said cost of purchase between various DISCOMs, including “Expensive Power” sale of power between various DISCOMs, interstate sale/ purchase of power and maintains the books of account in respect of the same on behalf of the various DISCOMs in the State of Telangana. Further these transactions are subjected to audit by an independent firm of Chartered Accountants. Accordingly the transactions relating to purchase of power, sale/purchase of power to/ from other DISCOMs, balances due to/ from various DISCOMs, write back of excess provisions in earlier years towards cost of power purchased, interstate sale of power, subsidies from State Government, provision towards doubtful recovery of subsidy from the State Government towards expensive power recognized in the books of account in earlier</p>	
	Informative only

<p>years, borrowings made for the purchase of power being cash credit facilities and short term borrowings from banks, financial institutions, State & Central Governments together with interest, disclosures regarding contingent liabilities etc., are incorporated in the books of account of the company based on the information provided by TSPCC, duly certified by the independent firm of Chartered Accountants. Consequently, besides carrying out our independent verification we have also relied upon the certification provided by the independent firm of Chartered Accountants in respect of the abovematters.</p>	
<p>Our opinion is not qualified in respect of these aforesaid matters</p>	
<p>Report on Other Legal and Regulatory Requirements:</p>	
<p>14. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.</p>	<p>Informative only</p>
<p>15. As required by Section 143(5) of the Act, we have considered the directions / sub- directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the financial statements of the Company are given in the Annexure B</p>	<p>Informative only</p>
<p>16. As required by Section 143 (3) of the Act, we report that:</p>	
<p>a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.</p>	<p>Informative only</p>

<p>b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.</p>	<p>Informative only</p>
<p>c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow statement dealt with by this Report are in agreement with the books of account.</p>	<p>Informative only</p>
<p>d) Except for the matters described in the Basis for Qualified Opinion Paragraphs, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.</p>	<p>Noted</p>
<p>e) The matters described in the Basis for Qualified Opinion above, in our opinion, may have an adverse effect on the functioning of the Company.</p>	<p>Informative only</p>
<p>f) On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.</p>	<p>Noted</p>
<p>g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C” to this report.</p>	<p>Informative only</p>

<p>h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:</p>	
<p>i) We are informed that the Company does not have any pending litigations that would impact its financial position.</p>	<p>Informative only</p>
<p>ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses</p>	<p>Informative only</p>
<p>iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.</p>	<p>Informative only</p>

Reply to Annexure A to the Independent Auditor’s Report:

The **Annexure A** referred to in paragraph 14 of our Independent Auditor’s report of even date, to the members of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad** for the year ended 31 March 2018.

We report that:

<p>i) a)The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p>	<p>Informative only</p>
<p>b) We are informed by the company that no physical verification of fixed assets has been carried-out during the year under report. Accordingly, we are unable to comment regarding any material discrepancies between the fixed assets register and the assets physically available.</p>	<p>Steps will be initiated for physical verification of fixed assets at periodic intervals</p>
<p>c) We are informed by the company that purchase/gift / lease deeds are generally executed in respect of “parcels of land” purchased/ gifted/ given on long term lease upto 99 years to the company by private parties, which are generally kept at various field offices of the company and accordingly complete details along with the said deeds could not be provided to us, except a very few deeds executed during the year under audit. We are also informed by the company that in respect of the “parcels of land” alienated to it by the State Government or its agencies other than the letters of alienation/ allotment/ physical handing over, no other legal documents are generally executed and that the said letters are available with various field offices of the company and accordingly</p>	<p>Every care is being taken to keep a mechanism for recognizing the parcels of land received at free of cost from the State Government and its agencies. The records pertaining to these are being maintained at respective division level.</p>

<p>complete details along with the said letters could not be provided to us, except a few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.</p>	
<p>ii) Physical verification of inventory has been conducted during the year by the management at reasonable intervals. The discrepancies noticed on such verification between the physical stocks and the book records were not material.</p>	<p>Informative only</p>
<p>iii)The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a), (b) and (c) of the Order are not applicable</p>	<p>Informative only</p>
<p>iv) The company has neither given any loans to the directors or any other persons in whom the director is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013.</p>	<p>Informative only</p>
<p>v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.</p>	<p>Informative only</p>
<p>vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company</p>	<p>Informative only</p>

<p>pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.</p>	
<p>vii) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.</p> <p>According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other statutory dues which were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable, except the following:</p>	<p>Informative only</p>

Name of the statute/Authority	Nature of dues	Period to which the amount relates	Amount (In Lakhs)
Central Sales Tax Act, 1956	Central Sales Tax	From F.Y. 2012-13 to 2015-16	0.97
Income Tax Act, 1961	Tax Collected at Source	From F.Y. 2010-11 to F.Y. 2015-16	0.56
AP V.A.T Act, 2005	Value Added Tax	From F.Y. 2010-11 to F.Y. 2016-17	0.92

<p>b) As at 31st March 2018, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:</p>	<p>Informative only</p>
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S.No.	Name of the Statute	Nature of the Dues	Amount (Rs. In Crore)	Period to which the amount relates	Forum where dispute is pending
1.	A.P. Tax on entry of goods in local area Act, 2001	Entry tax on goods purchased from outside state	234.96	For the financial year from 2002-03 to 2016-17	Hon'ble Supreme Court of India
2.	A.P. General Sales Tax Act, 1956	Sales Tax	1.34	For the financial year from 2001-02 to 2004-05	Hon'ble A.P Sales Tax Appellate Tribunal, Hyderabad
3.	A.P.VAT Act, 2005	VAT	90.99	For the financial year from 2008-09 to 2012-13	Hon'ble A.P High court, Hyderabad
4.	Income Tax Act, 1961	TDS	93.25	For the Assessment years from 2007-08 to 2009-10	Hon'ble Supreme Court of India and Hon'ble High Court of Hyderabad

<p>viii) According to the information and explanations given to us, the Company has not defaulted in repayment of any loan installments in respect of term loans from financial institutions and banks.</p>	<p>Informative only</p>
<p>ix) In our opinion and according to the information and explanations given to us, the Term Loans obtained during the financial year under report and in earlier years have been applied for the purposes for which they were raised.</p>	<p>Informative only</p>
<p>x) According to the information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit</p>	<p>Informative only</p>

<p>xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.</p>	<p>Informative only</p>
<p>xii) In our opinion, the company is not a Nidhi Company. Consequently, the clause 3 (xii) of the order is not applicable</p>	<p>Informative only</p>
<p>xiii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Accounting Standards are disclosed in the financial statements.</p>	<p>Informative only</p>
<p>xiv) The Company has not made any preferential allotment or private placement of shares or fully/ partly convertible debentures during the year under review. Consequently the clause 3(xiv) of the order is not applicable.</p>	<p>Informative only</p>
<p>xv) The Company has not entered into any non cash transactions with the directors or persons connected with them during the year under report. Consequently the clause 3(xv) of the order is not applicable.</p>	<p>Informative only</p>
<p>xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently the clause 3(xvi) of the order is not applicable</p>	<p>Informative only</p>

Reply to Annexure B to the Independent Auditor's Report on the specific instructions of C&AG

The **Annexure B** referred to in paragraph 15 of our Independent Auditor's report of even date on the financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad**

We report that:

S.NO.	OBSERVATION	AUDITORS' REPLY	MANAGEMENT'S REPLY
1	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available.	<p>We are informed by the company that purchase/gift / lease deeds are generally executed in respect of "parcels of land" purchased/ gifted/ given on long term lease upto 99 years to the company by private parties, which are generally kept at various field offices of the company and accordingly complete details along with the said deeds could not be provided to us, except a very few deeds executed during the year under audit. We are also informed by the company that in respect of the "parcels of land" alienated to it by the State Government or its agencies, other than the letters of alienation/ allotment/ physical handing over, no other legal documents are executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a very few letters executed.</p> <p>Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company</p>	Every care is being taken to keep a mechanism for recognizing the parcels of land received at free of cost from the State Government and its agencies. The records pertaining to these are being maintained at respective division level.
2	Whether there are any cases of waiver /write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	During the year there has been an instance of write off of receivable of Rs.88.96 Lakhs in the books of account of the company; which is kept under the personal account of an officer of the company for non-closure of various pending work orders in earlier years.	During the year under audit an amount of Rs.88.96 lakhs receivables were withdrawn which

			were kept under the personal account of an officer of the company for non closure of work orders. The amount was withdrawn as the same were regularized.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities?	We are informed that no inventory of the company is lying with third parties as at the end of the year. We are informed that during the year, company has received the “parcels of land” alienated to it by the State Government or its agencies, other than the letters of alienation/allotment/ physical handing over, no other legal documents are executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a very few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.	No Inventory is lying with the third parties. Allotment/ Alienation of letters are available with the field unit offices.

Reply to Annexure C to the Independent Auditor’s Report on Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

The **Annexure C** referred to in paragraph 16 (g) of our Independent Auditor’s report of even date on the financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited)**, Hyderabad.

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the internal financial controls over financial reporting of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited) (“the Company”)**, Hyderabad, as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

A. Qualified Opinion (Point No. 7 of Internal Financial Control of Annexure ‘C’

Absence of control in respect of;	
a. Seeking balance confirmations and performing periodical reconciliations of various receivables, payables, deposits, advances etc.	Necessary steps in getting the confirmation from Power Purchase Creditors and other Discoms during the next financial year. The consumers are being served with notice to make the payment for the current month consumption as well as for the arrears if any, it can be construed as confirmation since there was no objection/dissent from the consumers for the bills issued from time to time. The consumer base of the company is more than 76 lakhs.
b. Conducting bank reconciliation of bank pool account operated by TSPCC.	BRS is being done on time to time basis as such there is no lack in reconciliation of pool account
c. Capitalization of capital work orders without work order completion certificates and non-closure of work orders.	Work completion certificates are being obtained on continuous basis as and when the work is completed. Exceptionally where the substantial amount(around 90%) is incurred on a work order, only such work orders are closed on partial basis. However care will be taken to close these work orders simultaneously.
d. Accounting of assets discarded in the books of account, like “burnt meters replaced”.	Burnt meters numbering to 39209 were replaced with new meters during the year under audit. Out of the above 11591 meters were retired amounting to the tune of Rs. 3.68 Crores from the books of accounts. However, every step will be taken care to retire the balance meters at the earliest possible.

For and on behalf of the Company **TSSPDCL**

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

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

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

Date : 13.11.2018
Place: Hyderabad

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
THE MEMBERS,
SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED,
CORPORATE OFFICE, 6-1-50, MINT COMPOUND,
HYDERABAD -500063.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Southern Power Distribution Company of Telangana Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **Southern Power Distribution Company of Telangana Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March, 2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Southern Power Distribution Company of Telangana Limited (“the Company”) for the financial year ended on 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’), Securities and Exchange Board of India Act, 1992 (SEBI) and SEBI Guidelines and Regulations to the extent they are applicable.
- iii. The Electricity Act, 2003 read with the Electricity Rules, 2005 and Regulations of the appropriate Commission issued from time to time.
- iv. The Environment (Protection) Act, 1986.

I have also examined compliance with the applicable clauses of the Secretarial standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations:

1. The Company is yet to comply with the appointment of Woman Director pursuant to the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
2. It is found that there were certain cases where the Board exercised Borrowing powers through circulation resolution which is in violation of Section 179(3).

I further report that

Subject to the Paragraph Nos. 1 & 2 above of the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

Sd/-

KALYANA CHAKRAVARTHI CH.

ACS. No: 38026

CP No. : 15103

Place: Hyderabad

Date: 13.11.2018

To,
The Members
Southern Power Distribution Company of Telangana Limited
Corporate Office, 6-1-50, Mint Compound,
Hyderabad-500063.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

KALYANA CHAKRAVARTHI.CH

ACS. No: 38026

CP No. : 15103

Place: Hyderabad

Date: 13.11.2018

Annexure ‘C’ TO DIRECTORS REPORT

Management Reply to the Secretarial Auditor Observations

Observations of the Secretarial Auditor	Management Reply to the Observations of the Secretarial Auditor
<p>1. The Company is yet to comply with the appointment of Woman Director pursuant to the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.</p>	<p>TSSPDCL is a State Government Company within the meaning of section 2(45) of the Companies Act, 2013 and as per Article 30(d) of Articles of Association of the Company, Powers to appoint Directors vests with Government of Telangana (acting through Energy Department). The Company or its Board is not vested with any powers in the said matter and hence the matter is being followed up rigorously with the Energy Department and Several Letters were addressed to Energy Department, Government of Telangana to expedite the process of Appointment of Women Directors on the Board to comply with Section 149 of the Companies act, 2013 and awaiting for the orders.</p>
<p>2. It is found that there were certain cases where the Board exercised Borrowing powers through circulation resolution which is in violation of Section 179(3).</p>	<p>Due to the emergency of the borrowings for the procurement of additional power in Public interest we are borrowing loans by circulation. Subsequently we are ratifying the same in the ensuring Board Meeting and noted for future compliance.</p>

Annexure ‘D’ TO THE DIRECTORS’ REPORT

Particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo as per Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 & 2014.

A. Conservation of Energy:

a) Energy conservation measures taken.

Following initiatives has been taken for Energy conservation during FY 2017-18:

1. 100KW roof top solar power plant at corporate office, Hyderabad. The plant generating an average 500-520 (KWh) units per day.
2. Out of 42.15 MW Solar net meters roof top applications registered 10 MW is connected to the grid.
3. 92772 High Voltage Distribution System (HVDS) for Agriculture Pump Sets were set up during the Financial Year.
4. TSSPDCL has proposed to distribute 2,78,006 Nos. LED bulbs in 15 Nagara Panchayats and the status of distribution of LED bulbs as on 22-10-2018 is as follows.

Proposed	Distributed	Balance
2,78,006	2,70,688	7,318

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

Under DDUGJY, TSSPDCL is distributing 9W LED bulbs for BPL households in rural area. The cost of each bulb is Rs.52/- , so far,1,66,270 bulbs are installed. The total cost of the 9w LED is 1.49 crore and expenditure incurred is 86.46 lakhs.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The energy losses in F.Y. 2017-18 are significantly lower than the previous year. The Energy Losses to Energy Input percentage decreases to 11.36% in F.Y. 2017-18 as against 11.38% in F.Y. 2016-17.

Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto

Not Applicable

B Technology absorption :

e) Efforts made in technology absorption.

1. Works are taken up and under progress. So far, 17 Nos. substations, 46.00Km of 33 KV OH line, 194.88 Km 11KV OH line & 420.64 Km LT line, 151.04 Km 33 & 11 KV UG cable is erected, 34.00 Km of 11KV & 182.96 Km of LT line Re-conductoring is completed, 1554Nos. New DTRs & 1150 Nos. Enhancement of DTRs charged, G) 32 Nos. RMUs completed, 5827 Nos. Prepaid/ smart meters completed. 824 KWP Capacity of Solar rooftop panels are erected.
2. Implementing AMR for HT Services and monitoring 11 KV Feeders.
3. Meter Data Acquisition System (MDAS) is being implemented.
4. SCADA control for all **228 Nos.** of 33/11KV Sub-Stations, DMS (Distribution Management System) for operation of **156 Nos.** 11KV feeders in core city of Hyderabad & Communication System.

C Foreign exchange earnings and outgo

f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans.

Not Applicable

g) Total foreign exchange used and earned

NIL

C&AG OF INDIA FINAL COMMENTS AND THE REPLIES OF TSSPDCL FOR THE YEAR 2017-18

Sl. NO	Final Comment No.	Final Comment No.	Reply of the Company
1	2	3	4
1	1	<p>A. Comments on Profitability:</p> <p>Revenue from operation (Note No. 21)</p> <p>Rs. 20062.46 Crore</p> <p>1. The above does not include an amount of Rs. 47.08 crore being the amount of cross subsidy surcharge (Rs. 42.24 Crore) and wheeling charges (Rs. 4.84 Crore) not levied by the Company upon solar third party consumers who had availed supply from solar generators from November 2016 to March 2018. The Government vide G.O. Rt. No.79, Dated 18-12-2017 ordered to reimburse the wheeling charges and cross subsidy charges to the solar generators engaged in third party sale/captive use within the State as per the provisions of erstwhile A.P . Power Policy 2012 and T.S. Solar Power Policy, 2015. Since funds were not disbursed due to the closure of the financial year, the Government issued administrative sanction for an amount of Rs. 35.39 crore vide G.O.R.T No. 40 dated 11.07.2018 towards reimbursement of cross subsidy surcharge, wheeling charges & transmission charges. However, the company did not account for the claim lodged with the Govt. despite issue of administrative sanction. This has resulted in understatement of ‘Revenue from Operations’ and overstatement of “Loss” for the year by Rs. 47.08 crore.</p>	<p>It is to submit that the claim for reimbursement of Rs. 42.24 Crore towards the Cross Subsidy Surcharge and Rs.4.85 Crore towards Wheeling charges in cash up to 31/03/2018 by the Government of Telangana was submitted to the Special Chief Secretary, Government, Energy Department Vide TSSPDCL Lr. No. 39 Dated 26.05.2018.</p> <p>Accordingly, the Government of Telangana has issued administrative sanction orders vide G.O RT No. 40 (Energy Budget Department) dated 11.07.2018 for payment of Rs. 35,38,90,000 towards reimbursement of Cross Subsidy Surcharge, Wheeling Charges and Transmission Charges.</p> <p>Further, it is to submit that soon on receipt of amount from the Government, the revenue towards Cross Subsidy Surcharge and Wheeling Charges will be recognized as prior period Income up to 31st March 2018 and for the Current F.Y 2018-19 these Charges will be recognized as revenue in the books of Accounts for 2018-19 and transferred to Receivables from Govt. Account. The same procedure will be followed every month as advised by the A.G Audit.</p>
2	2(a)	<p>Expenses</p> <p>Power Purchase Expense (Note No 23) – Rs. 20,639.057 Crore</p> <p>The above does not include an amount of Rs. 54.17 crore towards Fuel Adjustment Charge (FCA) claimed by M/s Chattisgarh State Power Distribution Company Limited (CSPDCL) as part of the Power Purchase Agreement entered with</p>	<p>TSDISCOMS further filed a petition before the Hon’ble Appellate Tribunal for Electricity (APTEL) contending that the completed Capital cost approved by CSERC is on high side and pleaded before the APTEL to consider the reasonable cost. The operational norms on certain issues were also not as per the request of TSDISCOMS; this aspect was also contended in the Hon’ble APTEL. On the back drop of these</p>

SI. NO	Final Comment No.	Final Comment No.	Reply of the Company
1	2	3	4
		<p>them. This has resulted in understatement of Power Purchase expenses as well as loss for the year by Rs 54.17 crore.</p>	<p>issues, the provision and expenditure accounted by TSDISCOMS is well within the limits proposed in CSERC orders.</p> <p>Therefore, there is no understatement of the Power Purchase cost, since the expenditure accounted in Profit & Loss Account would be in line with the orders of Hon'ble CSERC and there is no need to provide the FCA. The total cost already accounted covers the entire Power Purchase Cost for the energy supplied by CSPDCL and there is no need even to show it as Contingent Liability.</p> <p>In view of the fact that the expenditure accounted for will be equal to or less than the Tariff determined by CSERC, the Audit para may please be dropped.</p>
3	2(b)	<p>The above does not include an amount of Rs. 27.53 crore towards cost of power purchased from M/s Power Grid Corporation of India Limited (PGCIL) for the months January to March 2018. This has resulted in understatement of both 'Power Purchase Expense' and 'Loss' for the year 2017-18 by Rs. 27.53 crore.</p>	<p>It is to state that the Accounts of TSSPDCL were closed in the middle of June'2018 and the adjustment bill (POC 3 bill) was received from M/s. PGCIL subsequent to closing of Accounts in June'2018. Further, the processing of the POC bills and approval from the Audit was received on 25-06-2018 and the payment was made on 10-10-2018.</p> <p>Due to timely closure of Accounts by TSSPDCL and cutoff date for Accounting, the POC bill has not been taken into account. As per the materiality concept, the Audit may take a view for dropping the Audit Para. Henceforth, the audit observation is taken into cognizance and the cost relevant to the year will be accounted in the same year in future.</p>
4	2(c)	<p>The above does not include an amount of Rs. 6.24 crore representing differential income tax payable by the company to M/s. Nuclear Power Corporation of India (NPCIL) for year 2017-18. As part of power purchase agreement. This has resulted in understatement of both 'Power Purchase Expense' and 'Loss' for the year by Rs. 6.24 crore.</p>	<p>It is to state that the Accounts of TSSPDCL were closed in the middle of June'2018 and the supplementary bill was received from M/s. NPCIL subsequent to closing of Accounts in October'2018. Further, the processing of the supplementary bill and approval from the Audit was received on 27-10-2018 and the payment was made on 31-10-2018.</p>

SI. NO	Final Comment No.	Final Comment No.	Reply of the Company
1	2	3	4
			Due to timely closure of Accounts by TSSPDCL and cutoff date for Accounting, the supplementary bill has not been taken into account. As per the materiality concept, the Audit may take a view for dropping the Audit Para. Henceforth, the audit observation is taken into cognizance and the cost relevant to the year will be accounted in the same year in future.
5	3	<p>Operation and other Expenses (Note 25) – Rs. 305.21 crore</p> <p>The above does not include an amount of Rs. 105.50 crore being the amount of late payment charges payable to Singareni Thermal Power Plant (STPP) as per power purchase agreement. The STPP adjusted the late payment surcharge from the amount received on power bills as per Clause 6.1.6 of power purchase agreement. However, the company did not provide the same in the books of accounts for the year 2017-18. This has resulted in understatement of ‘Operation and other Expenses’ and ‘Loss’ for the year by Rs. 105.50 crore.</p>	<p>It is to submit that the TSSPDCL & M/s. Singareni Thermal Power Plant (STPP) both being the State Government organizations. TSPCC/TSSPDCL has requested for waiver of surcharge.</p> <p>The Hon’ble TSERC does not allow the Late Payment Surcharge (LPS) in the Aggregate Revenue Return (ARR) filed by TSSPDCL and there is no matching Cash Inflows to pay the LPS to M/s. Singareni Thermal Power Plant (STPP). Further, any additional expenditure incurred by TSSPDCL over and above the ARR will be an additional cost & financial burden to the consumers of the TSDISCOMS. Therefore, to avoid burdening of the consumers, a Letter was addressed to STPP to waive the LPS, since both the companies are State Government Companies. The request is made only to control the cost and to be within the Cost approved by TSERC.</p>
6	4	<p>Comments on Financial Position</p> <p>Equity and liabilities</p> <p>Non-current liabilities</p> <p>Long term provisions (Note No.6) – Rs. 1590. 37 crore</p> <p>The above is understated by Rs. 4831.02 crore due to short provision of liability towards pension and gratuity of APSEB origin employees (those on rolls and those who retired between 01.02.1999 and 31.03.2018). This has resulted in understatement of Provision for employee benefits by Rs. 4831.02 crore.</p> <p>The Company arrived at 26 per cent share of the pension and gratuity liability of APSEB origin</p>	<p>It is to submit that after unbundling the erstwhile APSEB and formation of APGENCO, APTRNSCO w.e.f. 01.02.1999 and later w.e.f. 30.03.2000 Four Distribution Companies (the one of the Discom is Formerly APCPDCL (now TSSPDCL) have been formed and according to the Tripartite Agreement, the Pension and Gratuity in respect of the employees recruited before 01/02/1999 and retired before 01/02/1999, the pension is being borne by the Master Trust.</p> <p>Further, it is to submit that the Pension and Gratuity in respect of employees recruited before 01/02/1999 and retired after 01/02/1999 and who are on roll for the present financial year ended 31.03.2018, the ratio of pension and Gratuity is</p>

SI. NO	Final Comment No.	Final Comment No.	Reply of the Company
1	2	3	4
		<p>employees based on actuarial valuation at Rs. 1771.45 crore. Based on this valuation (26 per cent), audit worked out the remaining portion of liability (74 per cent) at Rs. 5041.82 crore. Against this, the assets available in the master trust was Rs. 210.80 crore Hence, the amount of short provision towards pension and gratuity liability works out to Rs. 4831.02 crore on estimated basis after deducting the share of assets from the total liability (Rs. 5041.82 crore minus Rs. 210.80 crore). Consequently, the loss is understated by the same amount. In accordance with clause 35 (V) of APSE Employees and Gratuity deed (supplementary) dated 28-06-2014 and read with clause 4 (d) and 4 (q) of the tripartite agreement dated 09-09-1997, the company is primarily responsible for meeting the retirement obligation and hence should have recognized 100 per cent of actuarial value as liability.</p>	<p>being borne by the Master Trust @ 74 % and by the Unit Trust @ 26 %.</p> <p>In this connection, it is further to submit that as per the Tripartite Agreement, both Master Trust and Unit Trusts are meeting the Employees Retirement Benefits and Pension from time to time.</p> <p>Further, it is to submit that as per the Tripartite Agreement, the Unit Trust liability stands at 26 % of Pension and Gratuity and for that the actuarial valuations are being done at the end of each financial year and lastly for the present financial year ended 31.03.2018 and accordingly, the required provision was made in the books of accounts.</p> <p>With regard to the Provision to be made by the Master Trust for their portion of 74 %, it is to submit that Since from the formation of the Companies and the respective Trusts, the adequacy or inadequacy of the Fund availability at the Master Trust is not known to the TSSPDCL and as the Master Trusts are meeting the liabilities, the question of shortage was not raised.</p> <p>However, C & AG Comments have been taken into cognizance and the TSSPDCL assures that the letters will be addressed to the Master Trust in the Financial Year 2018-19 and accordingly, the suitable action will be made for the Financial Year 2018-19.</p>
7	5	<p>Current Liabilities</p> <p>Other Current Liabilities (Note No.9) - Rs. 5019.89 crore</p> <p>The above does not include an amount of Rs. 24.79 crore representing salaries paid by AP Power utilities for payment of salaries to TS relieved employees for the period from 11.06.2015 to 07.04.2016. As per the Hon'ble High Court of Andhra Pradesh order dated 02-02-2018, payments made by AP state power companies towards the relieved employees shall be reimbursed by Telangana power companies. Hence, necessary provision should have been made in the accounts</p>	<p>It is to submit that Hon'ble High Court vide its order Dt. 22.09.2015 has directed to borne the Salaries and other emoluments by the State of Telangana and Andhra Pradesh in the ratio of 41.68 : 58.32. Accordingly, the Salaries and other emoluments were paid by the TSSPDCL @ 41.68 % w.e.f. 11.06.2015 onwards and the claim for the balance 58.32 % of salaries was forwarded to APTRANSCO for arranging payment directly to the AP Native relieved employees.</p> <p>The Supreme Court of India while disposing off the said batch of SLPs vide its order Dt. 08.04.2016 has directed the TS power utilities to ensure that full salary is paid to the AP Native relieved</p>

SI. NO	Final Comment No.	Final Comment No.	Reply of the Company
1	2	3	4
		<p>which was not done. This has resulted in understatement of both 'Employee benefit expense' and 'Other Current Liabilities' by Rs. 24.79 crore. This has also resulted in understatement of 'Loss' to the same extent.</p>	<p>employees. Accordingly, salaries and other emoluments are being paid in full by the TSSPDCL to the AP Native relieved employees from 08.04.2016 onwards.</p> <p>The Hon'ble High Court vide its order Dt. 02.02.2018 para 62(iv) has directed as <i>"The payments made by the Andhra Pradesh State power utilities towards salaries and other allowances, if any, of the petitioners -employees in pursuance of the interim orders of this Court, till the orders were modified by the Supreme Court, shall be reimbursed by the respective Telangana State power utilities, to their counterparts of the Andhra Pradesh State power utilities within three months from today"</i>.</p> <p>Further, the TS power utilities filed a Special Leave Petition against the High Court Judgment and the same is pending in the Supreme Court of India.</p> <p>Further, reimbursement of 58.32 % share of AP power utilities for an amount of Rs. 24.78 Crores for the period from 11.06.2015 to 07.04.2016 pertains to F.Y. 2015-16 & 2016-17. As the Judgment was pending in the Supreme Court of India for the year ended 31.03.2018, the disputed amounts were not provided in the Current F.Y. 2017-18.</p> <p>Further, it is to submit that the Supreme Court of India vide Civil Appeal No(s).11435/2018 (Arising out of Special Leave Petition(C)No(s).9138/2018) Dt: 28-11-2018 has delivered judgment that <i>"After hearing the learned counsel for the parties and going through the aforesaid detailed judgment rendered by the High Court for the State of Telangana and the State of Andhra Pradesh, we are of the opinion that the impugned judgment does not suffer from any blemish or error insofar as it discusses the question of law raised therein. The High Court has decided the said question on the basis"</i>.</p> <p>Keeping in view of the above judgment and the Audit observation, the amount of provision will be made in the next Financial Year 2018-19.</p>

SI. NO	Final Comment No.	Final Comment No.	Reply of the Company
1	2	3	4
8	6	<p>Comments on Disclosure</p> <p>M/s Andhra Pradesh Power Generation Company Limited (APGENCO) has filed petition November, 2017 before the Hon'ble National Company Law Tribunal for initiating corporate insolvency process against the Company. The petition is still pending with the Hon'ble National Company Law Tribunal. However, the fact was not disclosed in the Accounts as required in AS-1 for the information of financial Institutions/bankers who can infer information from the Accounts.</p>	<p>It is to submit that the amounts payable by TSSPDCL to APGENCO were already shown in the Books of Accounts under the head "Power Purchase Cost". Therefore, it is not a contingent liability. As such there is no need to disclose further liability to APGENCO in the Books of Accounts.</p> <p>It is also to submit that APGENCO has claimed a total amount of Rs. 5732.40 Crore from both TSDISCOMS, out of which Rs. 4,044.27 Crore (70.55%) pertains to TSSPDCL in the Writ Petition filed before Hon'ble NCLT. However, as per TSDISCOMS, the clear dues payable to APGENCO is Rs.3378.00 Crore. This is also adjusted by TS Power utilities against the dues payable by AP Power utilities. After the set off the amount payable by AP Power utilities is Rs. 2137.57 Crore.</p> <p>Further, APGENCO has claimed bills amounting to Rs. 11563.00 Crore including Opening Balance (OB). APPCC has adjusted APGENCO & APPCC has adjusted TSGENCO Bills for the power supplied from TSGENCO Stations amounting to Rs. 8185.00 Crore excluding certain Fixed Costs and Fuel Cost Adjustments. Net amount due to APGENCO by TSDISCOMS on account of Power Purchase is Rs. 3379.00 Crore.</p> <p>Similarly, TS Power Utilities should get certain amounts from AP Power Utilities:</p> <ul style="list-style-type: none"> i) Debt Servicing done on behalf of Anantapur & Kurnool Districts which have merged to APSPDCL amounting to Rs. 1391.00 Crore. ii) APTRANSCO has to pay TSTRANSCO an amount of Rs. 100.70 Crore on account of Interest on Bonds. iii) TSGENCO has to receive around Rs. 3096.04 Crore from APGENCO towards excess liability discharged on common Loans, Investment in P&G Trusts & PF Trusts.

SI. NO	Final Comment No.	Final Comment No.	Reply of the Company
			<p>iv) The TS Power Utilities investment in APPDCL which is a subsidiary of APGENCO amounting to Rs. 928.80 Crore.</p> <p>v) After setting of all the amounts receivable from AP Power Utilities and TS Power utilities, the AP Power utilities has to pay Rs. 2137.57 Crore to TS Power utilities.</p> <p>In this regard, several Letters have been addressed to the Chairman, APPCC who is also the head of APGENCO & APTRANSCO. The Chairman, TSPCC has addressed several Letters to adjust these amounts at State level since all the Power Utilities are wholly owned by Government of Andhra Pradesh. Meanwhile, it is also to submit to Audit that apart from addressing Letters, TSPCC has also released substantial amounts to APGENCO from formation of new Telangana State till April'2017.</p> <p>In view of the response from APGENCO negating the request of TSDISCOMS, TSDISCOMS had no other option than to stop payments to APGENCO. This was done only to make APGENCO and APPCC to settle the issues between the parties. Instead of settling the disputes, APGENCO preferred legal recourse by approaching NCLT under IBC Code 2016.</p> <p>In summary, the following is brought to the notice of the Audit:</p> <p>i) Required expenditure of Power purchase for the supply made by APGENCO is already provided in respective years, till the supply is unilaterally regulated by APGENCO.</p> <p>ii) In view of the total expenditure accounted for, the decision of NCLT would not affect the financials of TSDISCOMS.</p> <p>iii) This dispute in NCLT is only regarding claims and counter claims in respect of Receivables and payables which will not affect the Profit & Loss Account.</p> <p>iv) Further TSDISCOMS is pleading before the Hon'ble NCLT that the dispute between the</p>

SI. NO	Final Comment No.	Final Comment No.	Reply of the Company
			<p>Power utilities has to be settled by ERC as per Section 85(1)(F) of Electricity Act'2003 and NCLT has no jurisdiction to settle the disputes, as the special Act i.e., Electricity Act'2003 has overriding powers over the IBC Code 2016.</p> <p>v) TSDISCOMS are also pleading before the Hon'ble NCLT that there are disputes between the parties regarding the claims of Fixed Cost, FSA and apportionment of Opening balances of Power Purchase dues.</p> <p>In view of the above, the matter should not be referred to NCLT. NCLT can take up the issues only in case of clear dues and intentional default by operational debtor. In the instant case, neither the Operational Debtor nor the Financial Debtor has intentionally withheld the payments to APGENCO. This was done only to settle all the claims treating all the Power utilities of Andhra Pradesh as belonging to the Government of Andhra Pradesh and similarly, TS Power utilities are also owned by the Government of Telangana. The dues, if any should be settled at State level.</p> <p>Further, the appeal of APGENCO is still at hearing stage for admission in NCLT. We assure to the Principal Accountant General (Audit), Telangana that the status of NCLT case will be informed regularly and any eventuality that may crop up in NCLT will be sufficiently disclosed in the Financials of TSSPDCL for Financials Year 2018-19.</p>

For and on behalf of the Company TSSPDCL

Sd/-

Sri G. Raghuma Reddy

Chairman & Managing Director

DIN : 02943771



Sri G. Raghuma Reddy, CMD/TSSPDCL with Sri G. Jagadish Reddy, Minister for Energy TS. & Sri D. Prabhakar Rao, CMD/TS TRANSCO & TS GENCO and Sri C. Srinivas Rao, JMD TS. TRANSCO



FINANCIAL STATEMENTS

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

CIN U40109TG2000SGC034116

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in Rs.)

	PARTICULARS	Note No.	As at March 31, 2018	As at March 31, 2017
I	EQUITY AND LIABILITIES ఈక్విటీ మరియు అప్పులు			
1	Shareholders' Funds వాటాదారుల నిధి			
	(a) Share Capital	2	7,28,47,96,090	7,28,47,96,090
	వాటా మూలధనము (b) Reserves and Surplus	3	(1,61,21,12,97,579)	(1,24,24,86,27,536)
	నిధి మరియు మిగులు (c) Money recived against share warrants		-	-
2	Share application money pending allotment			
	i. Funds by Government of Telangana	3.1	82,09,45,06,973	16,39,14,55,092
	ii. Funds received Under UDAY Scheme	3.1	-	45,93,84,00,000
3	Non-Current Liabilities ప్రస్తుతేతర అప్పులు		-	-
	(a) Long-term Borrowings	4	57,44,14,65,777	27,14,61,97,580
	దీర్ఘకాలిక అప్పులు (b) Deferred tax liabilities (Net)		-	-
	వాయిదా వేయబడిన పన్ను (c) Other Long term liabilities	5	1,78,44,72,415	1,91,65,60,032
	ఇతర దీర్ఘకాలిక అప్పులు (d) Long-term Provisions	6	15,90,36,84,352	11,31,88,22,310
	దీర్ఘకాలిక కేటాయింపులు			
4	Current Liabilities ప్రస్తుత అప్పులు			
	(a) Short-term Borrowings	7	25,80,71,57,715	9,94,30,41,680
	స్వల్పకాలిక రుణములు (b) Trade Payables	8	1,24,28,06,78,815	1,14,41,38,87,432
	వ్యాపార నిమిత్తం చెల్లింపులు (c) Other Current Liabilites	9	50,19,89,56,916	59,67,14,40,300
	ఇతర ప్రస్తుత అప్పులు (d) Short-term Provisions	10	3,09,04,22,565	3,25,66,96,577
	స్వల్పకాలిక కేటాయింపులు			
	TOTAL (మొత్తము)		2,06,67,48,44,039	1,73,03,26,69,557

II ASSETS (ఆస్తులు)			
1 Non-Current Assets			
ప్రస్తుతేతర ఆస్తులు			
(a) Property, Plant And Equipment స్థిర ఆస్తులు			
i) Tangible Assets	11	69,10,65,00,736	64,66,63,73,147
స్పర్శ చరమైన ఆస్తులు			
ii) Intangible Assets		10,20,46,214	15,47,64,949
అస్పృశ్య ఆస్తులు			
iii) Capital Work in Progress		11,28,11,72,411	7,67,74,30,601
జరుగుచున్న పనులపై పెట్టుబడులు			
(b) Non-Current Investments	12	4,64,00,11,482	4,60,87,30,058
ప్రస్తుతేతర పెట్టుబడులు			
(c) Deferrd Tax Assets (Net)	13	8,02,61,36,301	2,55,15,51,152
వాయిదా వేయబడిన పన్ను			
(d) Long-term loans and advances	14	1,79,42,15,903	1,75,52,00,892
దీర్ఘకాలిక అప్పులు మరియు బయానాలు			
(e) Other Non-current Assets	15	8,78,57,125	9,16,40,719
ఇతర ప్రస్తుతేతర ఆస్తులు			
2 Current Assets (ప్రస్తుత ఆస్తులు)			
(a) Current Investments			
ప్రస్తుత పెట్టుబడులు			
(b) Inventories	16	3,43,78,37,533	2,81,56,81,993
సరకు నిల్వ			
(c) Trade Receivables	17	45,20,88,33,928	32,57,02,84,768
వ్యాపార నిమిత్తం రాబడులు			
(d) Cash and cash equivalents	18	5,39,11,52,660	4,22,29,42,083
నగదు నిల్వ			
(e) Short-term Loans and Advances	19	9,03,37,79,434	7,77,86,42,451
స్వల్పకాలిక అప్పులు మరియు బయానాలు			
(f) Other Current Assets	20	48,56,53,00,312	44,13,94,26,744
ఇతర ప్రస్తుత ఆస్తులు			
Total (మొత్తము)		2,06,67,48,44,039	1,73,03,26,69,557
Summary of significant accounting policies	1		

The Accompanying notes are the integral part of the financial Statements

As per our report of even date

For and on behalf of the Board of Directors of
Southern Power Distribution Company of TS Limited

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

Sd/-
Sri P. Narasimha Rao
Director Finance / CFO
DIN : 08242557

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

Sd/-
C.V.Ramana Rao
Partner
M. No 018545
Date : 13-11-2018
Place: Hyderabad

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

Sd/-
Anil Kumar Voruganti
Company Secretary
F.No. 9521

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

CIN U40109TG2000SGC034116

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in Rs.)

	PARTICULARS	Note No.	2017-18	2016-17
I	Revenue from Operations నిర్వహణ ద్వారా రెవిన్యూ	21	2,00,62,45,75,574	1,76,22,73,67,035
II	Other Income ఇతర ఆదాయము	22	76,83,50,465	1,21,03,93,715
III	Total Revenue మొత్తం రెవిన్యూ		2,01,39,29,26,039	1,77,43,77,60,750
IV	Expenses (వ్యయము)			
	Power Purchase Expense విద్యుత్తు కొనుగోలు	23	2,06,39,57,24,815	1,92,12,94,98,654
	Employee Benefit expense ఉద్యోగుల జీతభత్యాలు	24	18,03,78,03,016	15,57,09,11,135
	Operation and Other Expenses నిర్వహణ మరియు ఇతర ఖర్చులు	25	3,05,21,62,052	2,84,23,98,954
	Finance Costs ఆర్థిక వ్యయములు	26	9,48,54,28,279	10,33,25,09,694
	Depreciation and amortisation expense (తరుగుదల)	11	7,72,14,39,340	6,73,28,03,697
	Total Expenses మొత్తం వ్యయం		2,44,69,25,57,502	2,27,60,81,22,134
V	Profit /(Loss) before exceptional & extraordinary items and tax (III-IV) పన్ను, ఎక్స్‌షన్‌ల్ మరియు అతీతములకు ముందు లాభము		(43,29,96,31,463)	(50,17,03,61,384)
VI	Exceptional Items ఎక్స్‌షన్‌ల్ ఐటమ్స్	27	1,42,55,15,715	(64,48,13,282)
VII	Profit /(Loss) before extraordinary items and tax (V-VI)		(44,72,51,47,178)	(49,52,55,48,102)
VIII	Extraordinary Items అతీతములు		-	-
IX	Profit /(Loss) before tax (VII-VIII) పన్నుకు ముందు లాభము		(44,72,51,47,178)	(49,52,55,48,102)
X	Tax Expense: పన్ను వ్యయము			
	(1) Current Tax ప్రస్తుత పన్ను		-	-
	(2) Deferred Tax వాయిదా వేయబడినపన్ను		5,47,73,49,632	2,52,32,84,937

XI	Profit (Loss) for the period from continuing operations (IX-X) నికర లాభము		(39,24,77,97,546)	(47,00,22,63,165)
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV	Profit /(Loss) for the period (XI +XIV) నికర లాభము		(39,24,77,97,546)	(47,00,22,63,165)
XVI	Earnings per equity share:			
	(1) Basic		(53.88)	(64.52)
	(2) Diluted		(53.88)	(64.52)
	Summary of significant accounting policies	1		

The Accompanying notes are the integral part of the financial Statements

As per our report of even date

For and on behalf of the Board of Directors of
Southern Power Distribution Company of TS Limited

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

Sd/-
Sri P. Narasimha Rao
Director Finance / CFO
DIN : 08242557

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

Sd/-
C.V.Ramana Rao
Partner
M. No 018545
Date : 13-11-2018
Place: Hyderabad

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

Sd/-
Anil Kumar Voruganti
Company Secretary
F.No. 9521

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

CIN U40109TG2000SGC034116

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018 (Amount in Rs.)

PARTICULARS	Year Ended 31st March, 2018	Year Ended 31st March, 2017
A . Cash flows from operating activities:		
Net Profit before tax	(44,72,51,47,178)	(49,52,55,48,102)
Adjustments :		
Add: Depreciation	7,72,14,39,340	6,73,28,03,697
Add: Interest on Long Term Borrowings	2,13,92,56,943	6,37,61,30,892
Less: Interest on Investments	(4,09,89,473)	(3,47,09,147)
Add: Loss on Sale of Property Plant and Equipment		
Add: Non Cash Expenditure		
Less: Withdrawal of Depreciation on Consumer Contributed Assets	(1,48,51,87,567)	(2,63,70,62,938)
Operating profit before working capital changes	(36,39,06,27,935)	(39,08,83,85,598)
Changes in Working Capital		
Increase/(Decrease) in Non-Current Liabilities		
Other Long Term Liabilities	(10,55,92,904)	41,22,11,755
Long Term Provisions	4,58,48,62,042	1,27,68,72,363
(Increase)/Decrease in Non-Current Assets		
Long-tem Loans & Advances	25,72,67,791	(12,33,67,752)
Other Non-current Assets	37,83,593	(1,98,18,962)
Increase/(Decrease) in Current Liabilities		
Short Term Borrowings	15,86,41,16,035	6,44,04,25,660
Trade Payables	9,86,67,91,384	26,46,20,43,159
Other Current Liabilities	(9,46,97,18,902)	14,45,66,33,073
Short Term Provisions	(16,62,74,012)	1,91,49,91,229
Increase/(Decrease) in Employee Liability	-	-
(Increase)/Decrease in Current Assets		
Inventories	(62,21,55,540)	51,70,01,937
Trade Receivables	(12,63,85,49,160)	(9,05,04,68,732)
Short-term Loans & Advances	(1,25,51,36,982)	29,06,01,912
Other Current Assets	(4,42,58,73,568)	(99,28,35,064)
Cash generated from operations	(34,49,71,08,157)	2,49,59,04,979
Net Cash flow from Operating Activities	(34,49,71,08,157)	2,49,59,04,979
B. Cash flows from investing activities:		
Purchases/Investments of Property Plant and Equipment	(12,10,88,48,194)	(15,55,23,36,517)
Purchases/Investments in Capital Work in Progress	(3,60,37,41,810)	(77,84,09,587)

(Purchase of Investments)/Redemption	(3,12,81,424)		79,96,181	
Interest on Investments	4,09,89,473		3,47,09,147	
Investment in Capital Advances	(29,62,82,803)		(22,78,70,625)	
Increase in Other Long Term Liabilities	(2,64,94,713)		5,00,02,221	
Net cash flow from investing activities		(16,02,56,59,471)		(16,46,59,09,180)
C. Cash flows from financing activities:				
Consumer Contributions Received	5,20,49,29,102		4,37,89,73,489	
Increase (Decrease) in Long Term Borrowings	30,29,52,68,197		(46,53,87,81,230)	
Interest paid on Long Term Borrowings	(2,13,92,56,943)		(6,37,61,30,892)	
Increase in Contingency Reserve	2,92,41,488		2,22,74,973	
Increase in GIS Saving Fund	22,38,021		26,36,979	
Decrease in Self Funding Medical Scheme	(1,57,08,120)		(21,04,550)	
Funds received in UDAY Scheme	-		45,93,84,00,000	
Investment by Government of Telangana in DISCOM's	19,76,46,51,881		16,39,14,55,092	
Decrease (Increase) in Surplus /retained Earnings	(1,47,26,61,925)		-	
Decrease in Surplus /retained Earnings	2,22,76,505		-	
Net cash flow from financing activities		51,69,09,78,205		13,81,67,23,861
Net Increase/ (Decrease) in cash and cash equivalents during the year		1,16,82,10,577		(15,32,80,342)
Cash and cash equivalents at the beginning of the year		4,22,29,42,083		4,37,62,22,425
Cash and cash equivalents at the end of the year		5,39,11,52,660		4,22,29,42,083

As per our report of even date

For and on behalf of the Board of Directors of
Southern Power Distribution Company of TS Limited

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

Sd/-
Sri P. Narasimha Rao
Director Finance / CFO
DIN : 08242557

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Partner
M. No 018545
Date : 13-11-2018
Place: Hyderabad

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

Sd/-
Anil Kumar Voruganti
Company Secretary
F.No. 9521

Notes to Financial Statements for the year ended 31st March, 2018

1 Company Overview

Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company of Andhra Pradesh Limited)[The Company] was incorporated under the Companies Act, 2013 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 Telangana and commenced commercial operations from 01-04-2000. Company is a government company as defined under section 2(45) of the Companies Act, 2013 and company is not listed under in any stock exchange.

During the Financial year 2014-15, State of Andhra Pradesh was bifurcated as States of Telangana and residual State of Andhra Pradesh. Vide AP Reorganisation Act, 2014 [APR Act] w.e.f. 02.06.2014. In terms of Schedule XII to the APR Act, two operating business circles of the Company, namely, Ananthpur and Kurnool, were de-merged and Assets and Liabilities were transferred in terms of G.O. Ms. No.24 date 29.05.2014 issued by Government of Andhra Pradesh.

Significant accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention on accrual basis, in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) and mandatory accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

1.2 Use of estimates

In preparation of the financial statements in conformity with GAAP, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. Significant judgements and estimates about the carrying amount of assets and liabilities include useful lives of tangible and intangible assets, impairment of tangible assets, intangible assets including goodwill, investments, contract costs to be incurred to complete contracts, provision for doubtful debts, employee benefits and other provisions and recoverability of deferred tax assets.

1.3 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals of accruals of past 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.

1.4 Revenue recognition

a) Sale of Power:

- i) Revenue from Sale of Power is accounted for based on demand raised on consumers. Tariff rates for sale of power are as per Tariff Order of The Telangana Electricity Regulatory Commission as approved for the reporting period.
- ii) Unbilled Revenue is recognised in the books of accounts on 'actual basis', considering the events occurring after balance sheet date.
- iii) Bills raised for theft of energy, whether on a consumer or an outsider are not recognized in full until the final assessment order is received from the competent authority of the Company. The amount received against initial assessment is treated as "Other Deposits".
- iv) Sale of Power under open access mechanism is entered into by TSPCC on behalf of the company in terms of SWAP arrangements with other traders/developers. The terms of SWAP transactions are to get back/return the power @ 105% of the power lent/borrowed.

b) Other Income

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

1.5 Property, Plant And Equipment

a) Tangible Assets

Property, Plant And Equipment of the Company are stated in the books of accounts and disclosed in annual accounts at Historical Cost, which includes incidental cost related to acquisition and installation less accumulated depreciation. Borrowing costs during the period of construction/installation is added to the cost of the eligible qualifying assets. Lands which are received in the form of gifts were accounted at stamp duty value.

b) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and net of impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably. Intangible assets having finite useful lives are amortised on a straight-line basis over their estimated useful lives.

c) Capital work in progress

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

- ✦ Ten percent of the Cost of Capital Works capitalized to Capital Works towards Employee Cost and Administration & General Expenses (8.5% on Employees cost and 1.5% on Administration & General Expenses), as the Operation Circles are executing both Capital Works and Operation & Maintenance Works and it is not practicable to maintain records to identify the man hours spent by the staff on Capital Works.
- ✦ Interest relating to construction period is calculated based on the average interest rate of loans drawn under a Scheme and capitalized. The interest is calculated from the date of expenditure incurred on respective Work Orders of the Scheme.

1.6 Depreciation

- a) Depreciation on Property Plant and Equipment is provided under the ‘Straight Line Method’ upto 90% of the original cost of assets, at the rates notified by the Ministry of Power, Government of India vide Notification No. S.O.266 (E) dated 29th March, 1994. In view of this the management opined that Schedule II to the Companies Act,2013 is not mandatorily applicable to the Company.
- b) Depreciation is calculated from the date of capitalization or procurement of the asset.
- c) With respect to the following Assets the rates applied during the previous reporting period, as per MoP are different from rates prescribed under Schedule II of Companies Act, 2013.

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

Management has not carried out an assessment of effective rates as per Schedule-II to the Companies Act, 2013 and thus such information is not furnished for the reporting period.

1.7 Impairment

Property Plant and Equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use.

An impairment loss recognised on asset will be reversed when the conditions warranting impairment provision no longer exists.

1.8 Consumers contributions, Grants and Subsidies

Consumer contributions are collected as per Tariff Order for the year towards Deposit works. These are recognized in the Statement of Profit or Loss by allocating them over the periods and in proportion in which depreciation on assets concerned is charged.

Grants and subsidies received from State Government towards expensive power purchase and other government sponsored schemes are recognized in the Statement of Profit or Loss on accrual basis.

1.9 Investments

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

On the date of Balance Sheet the investments made with the AP Government, AP Transco, AP Genco and APPDCL, the status of these Investments were yet to be finalized as these entities were undergone demergers on the event of State Bifurcation and settlement between the Telangana Government and Andhra Pradesh Government is yet to settled.

1.10 Inventories

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

1.11 Employee benefits

a) Short term employee benefits

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

b) Long term employee benefits

Defined contribution plans

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

Defined benefit plans

The company's gratuity and pension plans 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.

1.12 Taxes on income

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

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

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.13 Provision and contingencies

- a) The company recognizes a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date and adjusted to reflect management's current estimates.
- b) The policy for providing provision for bad and doubtful debts upto F.Y 2015-16 was based on non litigated receivables outstanding for more than 60 months and W.e.f F.Y 2016-17 the accounting policy has been changed i.e., based on LT Private bill stopped services arrears and HT Private bill stopped (including court cases) outstanding arrears for more than 24 months.

1.14 Accounting for Demerger

Consequent to bifurcation of the State of Andhra Pradesh, two operating Circles of the Company were demerged effectively on the appointed date, i.e., 02.06.2014 in terms with Schedule XII to the Andhra Pradesh Re-organisation Act 2014. Accordingly, Assets and Liabilities of the Company were bifurcated based on G.O. Ms. No.24 issued by united State of Andhra Pradesh. Financial Statements relating to this bifurcation were adopted by the Board of the Company and Certified by Independent Chartered Accountants and submitted to Expert Committee constituted under the AP Re-organisation Act. However in the case of Employees related assets and liabilities, certain - Long Term Liabilities, Long Term Loans and Advances, Cash and Cash Equivalents and Long Term Receivables, the basis of bifurcation as specified in the GO mentioned above could not followed and another basis was used for bifurcation of Assets and Liabilities and the bifurcation proposals were approved by the Expert committee vide D.O. Lr No. 5614/Expert committee/2014 dated 15-03-2018. But the net settlement of assets receivable/liabilities payment was not taken place and to that extent balances shared based on the other than geographical basis will be reflected in Financial statements under the various heads namely, in Note No.3 Capital Reserve for an amount of Rs. 723 crore, in Note No. 4 Long Term Borrowings for an amount of Rs. 1683.60 crore and the net receivable on account of Demerger of assets and liabilities shared (both viz., Geographical basis and other than Geographical basis was resulted into) for an amount of Rs. 2096.60 crore have been shown in Note No. 20 under the head other current assets.

Accounting for Merger (Re-organisation of districts in Telangana)

- i) Consequent to Re-organisation of Districts and formation of new districts of Telanagana, 7 revenue mandals from jurisdiction of Karimnagar and Warangal which are under the jurisdiction of TSNPDCL were now re-organised to Siddipet District w.e.f 11.10.2016 . However, the adoption of assets and Liabilities couldn't take place in the said Financial Year 2016-17 and it was taken into accounts in the present Financial year 2017-18.
- ii) In the notes forming part of the financial statements, wherever there is no feasibility to present the balances acquired (on event of merger of Husnabad) as per classification of respective schedules, it is presented as an direct addition to the balances forming part of schedules before bifurcation .

The assets taken over on merger of Husnabad division have been taken into present F.Y. 2017-18 with a posting date of 01-04-2017 and the values adopted are as on the date of Bifurcation i.e., 11-10-2016. Since the gross values of assets, Accumulated Depreciation thereon and the net asset values have been taken as is where is basis, hence the depreciation portion will also be accounted with effect from F.Y. 2017-18 and onwards.

Accounting for Demerger (Re-organisation of districts in Telangana)

Consequent to Re-organisation of Districts and formation of new districts of Telangana, 19 Villages of Gundala mandal from Nalgonda District under the jurisdiction of TSSPDCL was re-organized to Jangaon District which is under the jurisdiction of TSNPDCL. However, the bifurcation of Assets and Liabilities couldn't take place in the said Financial Year 2016-17 and the bifurcation of assets and liabilities were effected in Financial year 2017-18 .

1.15 Earnings per Share

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

1.16 THIRD TRANSFER SCHEME BALANCES

- (a) The then Government of Andhra Pradesh (GoAP) vide G.O.Ms. No.58, Energy (Power-III), dated: 07-06-2005 notified the transfer of Bulk Supply Undertaking and Power Purchase Agreements from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to the four Distribution Companies (DISCOMs), in specified ratios, as on 09-06-2005. The share of the Company in generation capacities of all generating stations allocated to the four DISCOMS is 43.48%.

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

The Accounting of Purchase of Power as disclosed in the Note No. 23 is based on the revised share of 46.06% and consequent to enactment of AP Reorganisation Bill, 2014 the Power Purchase ratio has been further revised vide G.O. Ms. No.20 dated 08.05.2014 w.e.f. 02/06/2014 viz., 38.02% ,15.87 %, 15.80 % and 30.31% in respect of TSSPDCL, TSNPDCL, APEPDCL and APSPDCL respectively. And considering (38.02 Plus 15.87 %) as equal to 100 % of Both Discoms TSSPDCL and TSNPDCL, the proportionate percentage of TSSPDCL comes to $(38.02/53.89)*100$ is equal to 70.55 % and similarly in respect of TSNPDCL $(15.87/53.89)*100$ is equal to 29.45 %. Accordingly, TSPCC has allocated power purchase cost between the TSSPDCL and TSNPDCL in the ratio of 70.55 % and 29.45%.

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

2 Share Capital

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

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
12,00,00,00,000 Equity shares of ₹ 10 each (Previous Year 4,00,00,00,000 Equity shares of ₹ 10 each)	1,20,00,00,00,000	40,00,00,00,000
Issued, Subscribed And Paid-up		
72,84,79,609 Equity shares of ₹ 10 each fully paid up (Previous Year 72,84,79,609 Equity shares of ₹ 10 each)	7,28,47,96,090	7,28,47,96,090
TOTAL	7,28,47,96,090	7,28,47,96,090

a. During the year, the company has increased its authorised capital from Rs. 4,000 crore to Rs. 12,000 crore for allotment of equity infusion by the Government of Telangana and Funds received in the form of Equity under UDAY Scheme.

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

Particulars	As at 31st March 2018 (As at 31.03.2017)	
	Number	₹
Shares outstanding at the beginning of the year	72,84,79,609 (72,84,79,609)	7,28,47,96,090 (7,28,47,96,090)
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	72,84,79,609 (72,84,79,609)	7,28,47,96,090 (7,28,47,96,090)

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

Name of Shareholder	As at 31st March 2018 (As at 31.03.2017)	
	No. of Shares held	% of Holding
Equity Shares		
Governor of Telangana (Vide GO. Ms.No.58 Dt:09.06.2005)	72,84,79,609 (72,84,79,609)	100% (100%)
Total	72,84,79,609	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 Telangana. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

During the year, 2016-17 the Govt. of Telangana has released funds in the form of “Equity Infusion” for an amount of Rs. 1639.14 crore towards the payment of TS Genco Dues, Electricity Duty, VAT and Royalty Dues to be payable to the State Government and an amount of Rs.55.31 crore excess allotted to the company and the adjustment was made during the F.Y. 2017-18 and the Correct amount of Rs. 1583.83 crore was shown as on 31.03.2018 and the shares are not allotted as on the Balance sheet date and the same is kept under the share application money pending allotment of shares. But however the shares allotted as on 02/05/2018 and the same will be adjusted in F.Y.2018-19.

During the year, 2017-18 the Govt. of Telangana has released funds in the form of “Equity Infusion” for an amount of Rs. 1748.79 crore towards the payment of TS Genco Dues, Electricity Duty, payable to the State Government and the shares are not allotted as on the Balance sheet date and the same is kept under the share application money pending allotment of shares. But however the shares allotted as on 02/05/2018 and the same will be adjusted in F.Y.2018-19.

3 Reserves & Surplus

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
a. Consumer Contribution towards capital assets		
Opening Balance	35,12,01,18,101	30,80,15,36,604
(+) Current year Receipts	4,05,10,21,018	4,31,85,81,497
Transfer on Merger -Husnabad	16,63,73,373	-
Transfer on Demerger -Gundala	(3,71,23,178)	-
Closing Balance	39,30,03,89,314	35,12,01,18,101
b. Subsidies towards cost of capital assets		
Opening Balance	71,24,09,999	71,24,09,999
(+) Current year Receipts	-	-
Transfer on Merger -Husnabad	2,04,15,011	-
Transfer on Demerger -Gundala	(6,09,643)	-
Closing Balance	73,22,15,367	71,24,09,999
c. Grants/Donations towards cost of capital assets		
Opening Balance	2,93,03,94,704	2,87,00,02,712
(+) Current year Receipts	1,00,50,13,020	6,03,91,992
Transfer on Demerger -Gundala	(1,60,500)	-
Closing Balance	3,93,52,47,224	2,93,03,94,704
Total (Closing balance of a+b+c)	43,96,78,51,905	38,76,29,22,803
Less: Withdrawal towards cost of Capital Assets		
Opening Balance	(17,50,57,21,621)	(14,86,86,58,683)
(+) Current year Amortization to Statement of Profit and Loss	(1,48,51,87,567)	(2,63,70,62,938)
Closing Balance	(18,99,09,09,188)	(17,50,57,21,621)
Total	24,97,69,42,717	21,25,72,01,182

d. GIS - Insurance & Saving Fund		
Opening Balance	4,36,24,995	4,09,88,016
(+) Current year Receipts	22,38,021	26,36,979
Closing Balance	4,58,63,016	4,36,24,995
e. Self Funding Medical Scheme		
Opening Balance	3,32,03,004	3,53,07,554
(+) Current year Receipts	(1,57,08,120)	(21,04,550)
Closing Balance	1,74,94,884	3,32,03,004
f. Statutory Reserves:		
Contingency Reserve Fund		
Opening Balance	43,94,31,543	41,71,56,570
(+) Current year Receipts	2,29,37,968	2,22,74,973
Transfer on Merger -Husnabad	63,03,519	-
Closing Balance	46,86,73,030	43,94,31,543
g. Capital Reserve on Demerger		
Opening Balance	7,23,00,74,154	7,23,00,74,154
(+) Transfer on Demerger		
Closing Balance	7,23,00,74,154	7,23,00,74,154
h. Surplus		
Opening Balance	(1,53,25,21,62,414)	(1,06,24,98,99,249)
(+) Current Year Transfers on merger	(1,47,26,61,925)	-
(-) Current Year Transfers on Demerger	(2,22,76,505)	-
(+) Net Profit/(Net Loss) For the Current Year	(39,24,77,97,546)	(47,00,22,63,165)
Closing Balance	(1,93,95,03,45,380)	(1,53,25,21,62,414)
Grand Total	(1,61,21,12,97,579)	(1,24,24,86,27,536)

- i. During the year 2017-18, the Company has received Consumer Contribution (including Subsidies, Grants and donations towards Cost of Capital Assets and Grants) amounting to Rs. 505.60 crore (Previous year Rs. 437.89 crore). In proportion in which depreciation on the concerned assets has been charged during the year 2017-18, an amount of Rs. 148.51 crore (Previous year Rs. 263.70 crore) has been treated as withdrawal from consumer contribution and credited to Statement of Profit and Loss. And the Depreciation on the Consumer Contributed assets have been restricted to 90 % of the value and the effect was given from the year 2014-15 to 2016-17.
- j. GIS Insurance & savings fund: With effect from 01.07.1985 Employees Group Insurance Scheme was introduced in the place of erstwhile Family Benefit Fund Scheme. As per the said Scheme the contributions of the Employees consists of two portions, the Insurance portion and the Savings portion. The future liability of the Company as per the said Scheme could not be ascertained. The closing balance of the Savings Fund held as on 31.03.2018 is Rs. 4.15 crore (Previous Year Rs. 3.97 crore). The Closing balance of GIS Insurance Fund as at 31.03.2018 is Rs. 0.43 crore (Previous year Rs .0.38 crore). During the year the Interest on Savings & insurance Fund of Rs. 0.31 crore (Previous Year Rs. 0.33 crore) has been debited and is shown under the Head 'Interest and Finance Charges'.

3.1 SHARE APPLICATION MONEY PENDING FOR ALLOTMENT

Particulars	As at March 31,2018	As at March 31,2017
Investment in Discoms by Govt of TS	3,50,00,00,000	3,52,75,00,000
Investment in Discoms by Govt of TS (TS GENCO DUE)	3,85,00,00,000	3,88,02,50,000
Investment in Discoms by Govt of TS	4,55,00,00,000	4,58,57,50,000
Investment in Discoms by Govt of TS	3,15,00,00,000	3,60,34,20,992
Investment in Discoms by Govt of TS VAT & ROYALTY	78,83,40,000	79,45,34,100
		16,39,14,55,092
UDAY FUNDS RECEIVED	36,40,05,00,000	36,40,05,00,000
UDAY FUNDS RECEIVED	9,53,79,00,000	9,53,79,00,000
UDAY FUNDS RECEIVED	2,10,00,00,000	-
UDAY FUNDS RECEIVED	72,98,76,973	-
Investment in Discoms by Govt of TS	17,48,78,90,000	-
	82,09,45,06,973	45,93,84,00,000

(i) Funds from Government of Telangana: During the Financial Year 2016-17, the company has received funds to the extent of Rs. 1,190 crore in respect of the GENCO dues as Investment in the form of Equity from Government of Telangana vide G.O. Ms. No. 2 dated 16.02.2017 Further, the Government of Telangana vide G.O. Ms. No. 11 Dated 31.03.2017, has invested in the form of equity Rs. 78.83 crore towards VAT and Royalty Dues and Rs. 315.00 crore towards Electricity Duty payable to Government vide G.O. Ms. No.9 However, the company has not issued shares for the above as on 31.03.2018 and hence such amount has been provided as Equity Share Application Pending Allotment i.e. Rs. 1583.83 crore.

(ii) Funds from Government of Telangana: During the Financial Year 2017-18, the company has received funds to the extent of Rs. 1,748.79 crore in respect of the GENCO dues as Investment in the form of Equity from Government of Telangana vide GO Ms No.3 dated 22.01.2018 and the company has not issued shares for the above as on 31.03.2018 and hence such amount has been provided as Equity Share Application Pending Allotment i.e. Rs. 1583.83 crore. However the shares are allotted for the above amount as on 02/05/2018 and the same will be adjusted to Share capital account during F.Y. 2018-19.

(iii) Disclosure under UDAY Scheme: During the Year 2016-17, an amount of Rs. 4,593.84 crore are received under the Ujwal Discom Assurance Yojana (UDAY) Scheme and as per the Scheme, MOU was entered by Ministry of Power, Central Government, Govt. of Telangana State and the DISCOM and as per the MOU, The loans outstanding as on 30/09/2015 will be taken over and Funds have to be released 50 % in the form of Grant, 25 % in the form of Equity and 25 % in the form of Loan. Whereas the Govt of Telangana has issued GO No.7, dated 17.03.2017 wherein stating that the said funds have been released as Equity and for which clarification is pending at TSPCC, whether the said funds have to be treated as Equity as per G.O. or as per MOU. Until receipt of Clarification, allotment of shares is kept separately in view of differences between MOU and Government of Telangana G.O. During the Year 2017-18, the clarification was received that the amounts received under UDAY Scheme has to be treated as Equity only and further during the year 2017-18, an amount of Rs. 282.98 crore received under the UDAY Scheme in the form of Equity and the total amount received under the Scheme is Rs. 4876.83 crore and as on Balance Sheet Date, the share allotments are not done and as such it was shown under the Share application Money received.

Total Long Term and Short Term Loans for the year ended

LENDOR No.	LENDOR NAME	31.03.2018	31.03.2017
	BONDS		
11224	APCPDCL PF TRUST	57,40,00,000	57,40,00,000
11225	APGENCO	2,26,60,00,000	2,26,60,00,000
11226	APTRANSCO PF TRUST	21,40,00,000	21,40,00,000
11227	SINGARENI COLLIERIES	8,00,00,00,000	8,00,00,00,000
11228	APTRANSCO	92,10,00,000	92,10,00,000
11229	ANDHRA BANK	2,62,50,00,000	2,62,50,00,000
11230	SYNDICATE BANK	30,53,75,000	30,53,75,000
11231	THE FEDERAL BANK	6,54,00,000	6,54,00,000
11232	STATE BANK OF MYSORE	10,83,06,915	10,83,06,915
11233	STATE BANK OF HYDERABAD	13,14,00,000	13,14,00,000
11234	VIJAYA BANK	77,00,00,000	1,50,00,00,000
11235	INDIAN OVERSEAS BANK	21,81,25,000	1,25,00,00,000
11236	CENTRAL BANK OF INDIA	21,81,25,000	1,25,00,00,000
11237	INDIAN BANK	1,75,00,00,000	1,75,00,00,000
11238	PUNJAB & SINDH BANK	17,45,00,000	17,45,00,000
11239	BANK OF INDIA	30,54,00,000	30,54,00,000
11248	APTRANSCO TRENCH 2	1,78,25,00,000	1,78,25,00,000
	Bonds Sub-Total	20,42,91,31,915	23,22,28,81,915
	BANKS		
11012	SBH	-	70,25,30,227
11013	SBH	3,46,88,60,535	3,44,30,41,680
11016	CANARA BANK	-	11,09,30,289
11017	SYNDICATE BANK	0	58,20,77,223
11222	CORPORATION BANK	-	12,72,93,788
11240	ANDHRA BANK-TERM LOAN	42,56,74,879	42,82,49,424
11241	BANK OF INDIA-TERM LOAN	28,38,58,173	28,60,87,410
11242	CENTRAL BANK OF INDIA- TERM LOAN	20,32,93,190	20,42,80,765
11243	THE FEDERAL BANK-TERM LOAN	6,00,03,875	6,02,97,126
11244	INDIAN OVERSEAS BANK TERM LOAN	21,26,74,967	21,36,41,779
11245	INDIAN BANK- TERM LOAN	28,42,92,941	28,61,57,694
11246	PUNJAB & SINDH BANK- TERM LOAN	16,24,76,234	16,32,72,210
11247	VIJAYA BANK-TERM LOAN	24,35,28,101	24,48,26,334
11249	STATE BANK OF HYDERABAD	-	11,03,93,232
	Banks Sub-Total	5,34,46,62,895	6,96,30,79,181

OTHERS			
11001	12689055 SPA:PE REC	1,38,44,86,830	1,38,44,86,830
11002	13127123 P:SI REC	(35,33,26,480)	(35,33,26,480)
11003	REC - DDUGJY SCHEME	8,211	8,211
11007	RURAL ELECTRICAL CORPORAT	15,20,21,88,342	15,19,45,09,418
11008	POWER FINANCE CORPORATION	4,23,90,30,000	2,76,20,05,919
11011	GOVT. LOANS	20,55,53,775	20,55,53,775
11014	SHORT TERM LOANS TS TRANSCO	7,05,49,99,997	-
11251	REC-MEDIUM TERM LOAN	3,00,00,00,000	-
11252	JICA	2,59,50,49,000	1,67,61,45,000
11253	REC - 9 HRS POWER SUPPLY	2,46,55,51,699	2,46,55,51,699
11254	REC - BULK 2015-16	3,71,82,42,575	3,01,04,52,651
11255	REC - SPA:PE 2015-16	59,06,22,120	37,72,73,020
11256	REC-STL	4,90,00,00,000	6,50,00,00,000
11257	PFS LIMITED	4,30,00,00,000	4,30,00,00,000
11258	PFC - IPDS	2,29,172	2,29,172
11259	REC - IE:DISTRIBUTION 201	68,42,60,000	50,14,09,000
11261	GRANT UNDER IPDS SCHEME	-	27,24,00,000
11262	GRANT UNDER DDUGJY SCHEME	38,84,07,300	20,19,90,000
11263	GRANT UNDER SGPP SCHEME	4,37,00,000	4,37,00,000
11264	PFC - SHORT TERM LOAN	5,00,00,00,000	-
11265	PFC - FLEXI LINE OF CREDI	5,00,00,00,000	-
11266	REC - IE:DISTRIBUTION & B	96,79,41,300	-
11267	REC - SPECIAL LOAN	4,90,00,00,000	-
11268	PFC - MEDIUM TERM LOAN	10,00,00,00,000	-
	Others Sub-Total	76,28,69,43,841	38,54,23,88,215
LESS	KURNOOL AND ANANTAPUR	16,83,55,13,699	1683,55,13,699
	NET OFF OTHERS	59,45,14,30,142	21,70,68,74,516
	Grand Total of all loans Gross	1,02,06,07,38,651	68,72,83,49,311
LESS	KURNOOL AND ANANTAPUR	16,83,55,13,699	16,83,55,13,699
ADD	LOANS TAKEN OVER IN MERGER - HUSNABAD	1,64,31,66,755	-
	NET OFF OF KURNOOL AND ANANTAPUR AND HUSNABAD	86,86,83,91,707	51,89,28,35,612

4 Long Term Borrowings

S.No	Particulars	As at March 31, 2018	As at March 31,2017
		₹	₹
1	Bonds	20,24,91,31,915	13,66,12,81,916
2	Term Loans		
	i) From Banks	1,87,58,02,360	-
	ii) From Other Parties	34,05,66,61,930	13,48,49,15,664
3	Total Long term Borrowings received on merger - Husnabad	1,25,98,69,572	-
		57,44,14,65,777	27,14,61,97,580

Further Classification into Party Wise

LENDOR No.	LENDOR NAME	NON CURRENT	NON CURRENT
	BONDS		
11224	APCPDCL PF TRUST	57,40,00,000	33,76,65,921
11225	APGENCO	2,26,60,00,000	1,33,30,15,641
11226	APTRANSCO PF TRUST	21,40,00,000	12,58,89,385
11227	SINGARENI COLLERIES	8,00,00,00,000	4,70,61,45,246
11228	APTRANSCO	92,10,00,000	54,17,94,971
11229	ANDHRA BANK	2,62,50,00,000	1,54,42,03,909
11230	SYNDICATE BANK	30,53,75,000	17,96,42,388
11231	THE FEDERAL BANK	6,54,00,000	3,84,72,737
11232	STATE BANK OF MYSORE	10,83,06,915	6,37,13,509
11233	STATE BANK OF HYDERABAD	13,14,00,000	7,72,98,436
11234	VIJAYA BANK	59,00,00,00	88,24,02,234
11235	INDIAN OVERSEAS BANK	21,81,25,000	73,53,35,195
11236	CENTRAL BANK OF INDIA	21,81,25,000	73,53,35,195
11237	INDIAN BANK	1,75,00,00,000	1,02,94,69,273
11238	PUNJAB & SINDH BANK	1,745,00,000	10,26,52,793
11239	BANK OF INDIA	30,54,00,000	17,96,57,095
11248	APTRANSCO TRENCH 2	1,78,25,00,000	1,04,85,87,988
	SUB-TOTAL	20,24,91,31,915	13,66,12,81,916
	LONG TERM LOANS FROM BANKS		
11240	ANDHRA BANK	42,56,74,879	-
11241	BANK OF INDIA	28,38,58,173	-

11242	CENTRAL BANK OF INDIA	20,32,93,190	-
11243	THE FEDERAL BANK	6,00,03,875	-
11244	INDIAN OVERSEAS BANK	21,26,74,967	-
11245	INDIAN BANK	28,42,92,941	-
11246	PUNJAB & SINDH BANK	16,24,76,234	-
11247	VIJAYA BANK	24,35,28,101	-
	SUB-TOTAL	1,87,58,02,360	-
LONG TERM LOANS FROM OTHERS			
11001	12689055 SPA:PE REC	1,22,67,81,79	1,28,10,00,606
11002	13127123 P:SI REC	(35,33,26,480)	(35,33,26,480)
11003	REC - DDUGJY SCHEME	-	8,211
11007	RURAL ELECTRICAL CORPORAT	13,50,96,60,556	14,05,87,65,565
11008	POWER FINANCE CORPORATION	4,23,90,30,000	2,75,45,00,000
11011	GOVT. LOANS	20,55,53,775	20,55,53,775
11251	REC-MEDIUM TERM LOAN	2,81,25,00,000	-
11252	JICA	2,59,50,49,000	1,67,61,45,000
11253	REC - 9 HRS POWER SUPPLY	2,37,96,90,674	2,28,12,59,129
11254	REC - BULK 2015-16	3,71,82,42,575	2,78,54,30,375
11255	REC - SPA:PE 2015-16	58,47,09,097	34,90,72,997
11257	PFS LIMITED	4,13,66,66,667	4,30,00,00,000
11259	REC - IE:DISTRIBUTION 201	68,42,60,000	46,39,30,185
11261	GRANT UNDER IPDS SCHEME	-	27,24,00,000
11262	GRANT UNDER DDUGJY SCHEME	-	20,19,90,000
11263	GRANT UNDER SGPP SCHEME	-	4,37,00,000
11266	REC - IE:DISTRIBUTION & B	96,79,41,300	-
11267	REC - SPECIAL LOAN	4,18,54,16,667	-
11268	PFC - MEDIUM TERM LOAN	10,00,00,00,000	-
	SUB-TOTAL	50,89,21,75,629	30,32,04,29,363
LESS	Kurnool and Anantapur circles	16,83,55,13,699	16,83,55,13,699
	Net off Kurnool and Anantapur	34,05,66,61,930	13,48,49,15,664
	Loans assumed in Merger- Husnabad	1,25,98,69,572	-

Further Classification into Secured and Unsecured

LENDOR No.	LENDOR NAME	31.03.2018	31.03.2017
	Secured		
	i) From Banks		
11240	ANDHRA BANK-TERM LOANS	42,56,74,879	-
11241	BANK OF INDIA-TERM LOANS	28,38,58,173	-
11242	CENTRAL BANK OF INDIA-TERM LOAN	20,32,93,190	-
11243	THE FEDERAL BANK-TERM LOAN	6,00,03,875	-
11244	INDIAN OVERSEAS BANK TERM LOAN	21,26,74,967	-
11245	INDIAN BANK- TERM LOAN	28,42,92,941	-
11246	PUNJAB & SINDH BANK-TERM LOAN	16,24,76,234	-
11247	VIJAYA BANK-TERM LOAN	24,35,28,101	-
11249	STATE BANK OF HYDERABAD	-	-
	Banks Sub-Total	1,87,58,02,360	-
	ii) From Others		
11001	12689055 SPA:PE REC	1,22,67,81,798	1,28,10,00,606
11002	13127123 P:SI REC	(35,33,26,480)	(35,33,26,480)
11003	REC - DDUGJY SCHEME	-	8,211
11007	RURAL ELECTRICAL CORPORAT	13,50,96,60,556	14,05,87,65,565
11251	REC-MEDIUM TERM LOAN	2,81,25,00,000	-
11253	REC - 9 HRS POWER SUPPLY	2,37,96,90,674	2,28,12,59,129
11254	REC - BULK 2015-16	3,71,82,42,575	2,78,54,30,375
11255	REC - SPA:PE 2015-16	58,47,09,097	34,90,72,997
11259	REC - IE:DISTRIBUTION 201	68,42,60,000	46,39,30,185
11266	REC - IE:DISTRIBUTION & B	96,79,41,300	-
11267	REC - SPECIAL LOAN	4,18,54,16,667	-
11257	PFS LIMITED	4,13,66,66,667	4,30,00,00,000
11008	POWER FINANCE CORPORATION	4,23,90,30,000	2,75,45,00,000
11268	PFC - MEDIUM TERM LOAN	10,00,00,00,000	-
11261	GRANT UNDER IPDS SCHEME	-	27,24,00,000
11262	GRANT UNDER DDUGJY SCHEME	-	20,19,90,000
11263	GRANT UNDER SGPP SCHEME	-	4,37,00,000
	Others Sub - Total	48,09,15,72,854	28,43,87,30,588
	Total Secured Loans	49,96,73,75,214	28,43,87,30,588
LESS	KURNOOL AND ANANTAPUR	16,83,55,13,699	16,83,55,13,699
	NET OFF KURNOOL AND ANANTAPUR	33,13,18,61,515	11,60,32,16,889

UNSECURED - BONDS

LENDOR No.	LENDOR NAME	31.03.2018	31.03.2017
11224	APCPDCL PF TRUST	57,40,00,000	33,76,65,921
11225	APGENCO	2,26,60,00,000	1,33,30,15,641
11226	APTRANSCO PF TRUST	21,40,00,000	12,58,89,385
11227	SINGARENI COLLIERIES	8,00,00,00,000	4,70,61,45,246
11228	APTRANSCO	92,10,00,000	54,17,94,971
11229	ANDHRA BANK	2,62,50,00,000	1,54,42,03,909
11230	SYNDICATE BANK	30,53,75,000	17,96,42,388
11231	THE FEDERAL BANK	6,54,00,000	3,84,72,737
11232	STATE BANK OF MYSORE	10,83,06,915	6,37,13,509
11233	STATE BANK OF HYDERABAD	13,14,00,000	7,72,98,436
11234	VIJAYA BANK	59,00,00,000	88,24,02,234
11235	INDIAN OVERSEAS BANK	21,81,25,000	73,53,35,195
11236	CENTRAL BANK OF INDIA	21,81,25,000	73,53,35,195
11237	INDIAN BANK	1,75,00,00,000	1,02,94,69,273
11238	PUNJAB & SINDH BANK	17,45,00,000	10,26,52,793
11239	BANK OF INDIA	30,54,00,000	17,96,57,095
11248	APTRANSCO TRENCH 2	1,78,25,00,000	1,04,85,87,988
	SUB-TOTAL	20,24,91,31,915	13,66,12,81,916
	UNSECURED - OTHERS		
11252	JICA	2,59,50,49,00	1,67,61,45,000
11011	GOVT. LOANS	20,55,53,775	20,55,53,775
	SUB-TOTAL	2,80,06,02,775	1,88,16,98,775
	GRAND TOTAL OF SECURED AND UNSECURED LOANS	56,18,15,96,205	27,14,61,97,580
	Loans taken over on Merger of Husnabad	1,25,98,69,572	-
	Total Loans	57,44,14,65,777	27,14,61,97,580

SECURITIES CHARGED FOR THE LOANS

- Term Loans on FRP Scheme are guaranteed by Government vide G.O. Ms. 11 date 18.02.2014.
- For the Financial Year 2016-17, Funds received under the UDAY scheme were used to discharge the loans having higher rate of interest. Since the rate of interest of the Bonds issued under FRP scheme is lower i.e. 9.95% when compared to other borrowings, the same were discharged over to the extent of Rs. 487.5 crore only. Further amount to be received under UDAY scheme is Rs. 956.16 crore which will be received in the F.Y. 2017-18 and it is proposed that the same shall be utilised for the payment of

bonds issued under FRP Scheme, hence to that extent the amount has been classified as Current Maturities of Long Term Debt in Note No.9 under the head of other current liabilities.

- c. For the Financial Year 2017-18, Since the Funds not received under the UDAY scheme in F.Y. 2017-18 as expected at the end of F.Y. 2016-17 and also keeping in view of uncertainty as on date about the receipt of funds from the UDAY Scheme in the Financial Year 2018-19, the classification of Current Maturities of Long Term Debts which have been taken into Current Maturities of Long Term Debts under Note No.9 of F.Y. 2016-17 are now taken into Non Current portion of Long Term Borrowings in F.Y. 2017-18. Hence to that extent the amount has been classified under Long Term Borrowings.
- d. i) During the Financial year 2016-17, the company has received Grant under IPDS Scheme to the extent of Rs. 27.24 crore, under DDUGJY Scheme to the extent of Rs. 20.19 crore and Rs. 4.37 crore under SGPP scheme thus totalling to Rs. 51.80 crore is lying idle, since the project is not yet commenced. Accordingly, the amount is shown under Long Term Borrowings.
- ii) During the Financial year 2017-18, the company has received Grant under IPDS Scheme to the extent of Rs. 51.13 crore and under DDUGJY Scheme to the extent of Rs. 38.84 crore and out of Previous Financial year receipts and alongwith the Present Financial receipts, an amount of Rs. 78.37 crore and Rs. 20.19 crore has been spent under the IPDS and DDUGJY respectively and the unspent amount of Rs. 38.84 crore under IPDS and Rs. 4.37 crore under SGPP will be spent in the F.Y. 2018-19 and accordingly, the Un-Spent amounts were shown in the Current Maturities of Long Term Debt in the F.Y. 2017-18.

Note 4A: Securities offered for the Long Term Loans

Particulars	As at March 31, 2018	As at March 31, 2017
Term Loans from Others	₹	₹
1. Loans from Rural Electrification Corporation Limited, New Delhi. (Secured by the hypothecation of all the future Movables and Stocks to be created under respective schemes of the project out of the loan amount.)	29,71,58,76,187	20,86,61,40,588
2. Power Finance Corporation (PFC)		
i. If the company achieves the target as stipulated in the agreement and also if the project completes in time schedule, the loan will be converted into grant.	4,23,90,30,000	
ii. Charge is created on company movable assets (unencumbered assets) including PTR Augmentation, Addl PTRs/DTRs/Addl bays/LT/HT AB Cable/ Reconductoring/Capacitor Bank/VCB/R&C Works/ Renovation & Modernisation works etc to be created infollowing areas of utility located at Nalgonda,Hyd Central,Master Plan,Hyd East,Hyd West towns of TSSPDCL in the state of Telangana	10,00,00,00,000	2,75,45,00,000

3. PTC - Financial Services (PFS) (Secured by Hypothecation of all Current assets (Present and future) with the minimum coverage of 1.25 times of the facility, including book-debts, receivables, outstanding moneys, claims, demands, bills, guarantees, letters of credit, contracts, engagements, stocks, shares, notes, bonds, warrants, all stocks of raw materials, semi-finished goods, finished goods, consumable stores, accounts receivable, operating cash flows, treasury income, deposits of company with the third parties and any other revenues.)	4,13,66,66,667	4,30,00,00,000
TOTAL	48,09,15,72,854	27,92,06,40,588

5 OTHER LONG TERM LIABILITIES

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
Vendor Deposits	1,38,78,35,890	1,52,60,64,229
Contribution Works	32,09,64,984	28,83,29,549
Other Liabilities	7,56,71,541	10,21,66,254
TOTAL	1,78,44,72,415	1,91,65,60,032

6 LONG TERM PROVISIONS

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
Provision for employee benefits		
Gratuity (unfunded)	1,18,00,31,841	1,12,74,53,083
Leave Encashment (unfunded)	4,92,42,28,607	6,26,29,99,587
TSSPDCL Pension and Gratuity Trust(Funded)	9,79,94,23,904	3,92,83,69,640
TOTAL	15,90,36,84,352	11,31,88,22,310

a. Employees who have joined on or after 01.02.1999:

The employees who joined the Company after 01.02.1999 are covered under Employees Provident Fund & Miscellaneous Provisions Act 1952, Employees Provident Fund Scheme, 1952 and the Payment of Gratuity Act, 1972. The Company has carried out the actuarial valuation as at 31.03.2018 to arrive at the present value of future obligations of the company and provided for current year provision. As per the said valuation reports, the required provision for the year ended 31.03.2018 is Rs. 120.72 crore (Previous Year Rs. 114.86 crore). Expenditure recognised under the head “Employee Benefit Expense” to the extent of Rs. 8.78 crore after paying benefits during the year to the extent of Rs. 2.92 crore. The funding status of the same is

unfunded. As per the actuarial valuation report the current liability portion for an amount of Rs. 2.72 crore was shown under the head of other current Liabilities Note No.9 and the non current portion of liability for an amount of Rs. 118 Crores was shown under this head of Long Term provisions.

- b. The Company has carried out actuarial valuation as at 31.03.2018 to arrive at present value of future obligations of the Earned Leaves of the employees. The Balance in the provision for the year ended as required by the actuarial valuation report is Rs.568.76 crore (Previous Year Rs. 658.64 crore) and During the Year Rs. 32.34 crore was paid towards the final encashment. Therefore as per the said valuation, differential amount arrived after deducting the payments made towards earned leave resulted into actuarial gains for an amount of Rs. 57.5 crore which is reversed in the statement of profit and loss under the head “Employee Benefit Expense”. The funding status of the same is unfunded. As per the Actuarial valuation report the current portion of liability for an amount of Rs. 76.33 crore was shown under the head of other current liabilities note no.9 and non current portion liability for an amount of Rs. 492.42 crore was shown under this head of Long term provision. And similarly Current and Non-Current portion of earned leave encashment for Financial Year 2016-17 are not provided by the actuarial valuation report for the year ended 31.03.2017 but the segregation of current and non-current portion of liability was done based on that the actual Earned Leave encashment paid viz., Rs. 32.34 crore during the Financial Year 2017-18 have been taken into the current portion of liability and the balance amount of Rs. (658.64-32.34) 626.30 crore was considered under the head of Non-Current portion of liability for the year ended 31.03.2017.
- c. The Company has carried out actuarial valuation as at 31.03.2018 to arrive at present value of future obligations of the Pension and Gratuity in respect of employees recruited prior to 01.02.1999 and on roll as on 31.03.2018 the actuarial valuation report given for providing the liability for the year ended 31.03.2018 is Rs. 1045.15 crore and of which the existing liability in the books of account before making new provision is for an amount of Rs. 158.67 crore and for the balance amount of Rs. 886.48 crore was provided and as per the actuarial valuations, the current liability is for an amount of Rs. 65.21 crore shown under the other current liability and the balance amount of Rs. 979.94 crore is shown under the Non -Current portion.

7 Short Term Borrowings

S.No	Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
1	Loans Repayable on Demand		
	i) From Banks	3,46,88,60,535	3,44,30,41,680
	ii) From Other Parties	21,95,49,99,997	6,50,00,00,000
2	Loans received on merger- Husnabad	38,32,97,183	-
	Total	25,80,71,57,715	9,94,30,41,680
	Further Classification into Party Wise		
	i) From Banks	3,46,88,60,535	3,44,30,41,680
	ii) From Other Parties		

	REC-STL	4,90,00,00,000	6,50,00,00,000
	PFC - SHORT TERM LOAN	5,00,00,00,000	-
	PFC - FLEXI LINE OF CREDI	5,00,00,00,000	-
	SHORT TERM LOANS FROM TS TRANSCO	7,05,49,99,997	-
	Loans received on merger- Husnabad	38,32,97,183	-
	Total	25,80,71,57,715	9,94,30,41,680
	Further Classification into Secured and Unsecured		
1	Secured		
	(a) Loans repayable on demand		
	i) From Banks		
11013	SBH	3,46,88,60,535	3,44,30,41,680
	ii) From Others		
11256	REC-STL	4,90,00,00,000	6,50,00,00,000
11264	PFC - SHORT TERM LOAN	5,00,00,00,000	-
11265	PFC - FLEXI LINE OF CREDI	5,00,00,00,000	-
	Sub-Total	14,90,00,00,000	-
	Secured Total	18,36,88,60,535	9,94,30,41,680
2	Unsecured		
	(a) Loans repayable on demand		
	from banks	-	-
	from other parties	-	-
11014	SHORT TERM LOANS FROM TS TRANSCO	7,05,49,99,997	-
3	Loans received on merger- Husnabad	38,32,97,183	-
	TOTAL	25,80,71,57,715	9,94,30,41,680

Note 7A Securities offered for the above secured Loans

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Short Term Loan		
1.Banks	3,46,88,60,535	3,44,30,41,680
State Bank Of Hyderabad (Secured by receivables specifically Hypothecated)		
2.Financial Institutions		
REC (Charge on Receivables, Repayment of principal to be made in the 12th month along with the interest, after moratorium period of 11 months.)	4,90,00,00,000	6,50,00,00,000
3. Power Finance Corporation Short Term Loan (Secured by creating a first charge by way of hypothecation of Movable assests (except book debts)	5,00,00,00,000	-
4. Power Finance Corporation Flexi Line of Credit (Secured by creating a first charge by way of hypothecation of Movable assests (except book debts)	5,00,00,00,000	-
TOTAL	18,36,88,60,535	9,94,30,41,680

8 Trade Payables

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Unsecured		
A. Micro, Small and Medium Enterprises (MSMEs)	4,60,63,604	3,46,98,973
B. Other than MSME		-
APEPDCL	9,96,63,88,481	9,99,35,58,809
APSPDCL	22,29,56,735	74,95,69,749
TSNPDCL	(7,55,89,72,674)	(6,58,01,25,313)
TSGENCO	(30,12,80,71,725)	(21,59,16,07,107)
APGENCO	88,45,72,32,289	82,74,22,99,723
APTRANSCO	5,76,71,131	5,76,71,132
TGTRANSCO	4,53,41,07,542	7,68,45,44,909
Other Power Purchase Creditors	52,74,13,22,891	37,22,25,37,217
Other Payables	5,11,90,63,410	4,10,07,39,340
Trade Payables transfer on Merger- Husnabad	84,28,12,835	-
Trade Payables transfer on Demerger- Gundala	(1,98,95,704)	-
Total	1,24,28,06,78,815	1,14,41,38,87,432

- Balances from other Discoms, GENCOs, TRANSCOs are subject to confirmation and reconciliations.
- Balances from other power purchase creditors and other payables are subject to confirmations and reconciliations.

8.1 Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Principal and amount remaining unpaid	4,60,63,604	3,46,98,973
Interest Due thereon	-	-
Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Interest accrued and remaining unpaid	-	-
Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

9 Other Current Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Current maturities of long-term debt	3,61,97,68,215	14,80,35,96,352
Employee related liabilities	1,07,16,58,986	1,05,02,48,120
Statutory Liability	42,56,42,722	1,67,78,94,954
Advance from Customers	55,40,59,070	37,35,90,777
Consumer Deposits	28,51,79,91,740	26,88,19,15,286
Gov. of AP SC/ST Payable	3,47,35,553	3,47,35,553
Inter Unit Accounts	11,01,77,268	10,08,30,225
Interest Payable on Consumer Deposit	1,51,92,34,829	1,60,26,07,110
Interest Accrued and due	1,71,76,90,700	-
Gratuity (unfunded)	2,71,89,257	2,11,42,424
Leave Encashment (unfunded)	76,33,23,663	32,34,36,200
TSSPDCL Pension & Gratuity Trust	65,21,28,774	-
TSSPDCL GPF Trust	-	5,66,46,070
Other Liabilities	10,98,02,72,197	12,56,97,03,944
Artisans Salaries Payable	13,68,52,658	17,50,93,285
Transfer on Merger - Husnabad		
Other Liabilities	6,51,54,338	-
Consumer Deposits	36,28,778	-
Transfer of Consumer Deposits on Demerger - Gundala	(5,51,832)	-
Total	50,19,89,56,916	59,67,14,40,300

- a. During the F.Y. 2016-17 current maturities of Long term debt consists of principal and interest components payable in respect of Banks, REC, FRP bonds and term loans were shown under the assumption that the funds will be received under the UDAY scheme in F.Y. 2017-18, but the said funds under the UDAY scheme were not received in the F.Y. 2017-18 and also as there is uncertainty about the receipt of funds under the UDAY scheme even in F.Y. 2018-19, the said loans have been classified under the Non current portion of Long term Debts in F.Y. 2017-18. Since the Grants received under IPDS and DDUGJY have been spent during the Year 2017-18 and to the extent of un-spent will be spent in F.Y. 2018-19. Hence, they are shown under Current Maturities.
- b. The interest accrued and due is relating to the interest payable on bonds issued to the various trusts viz.,APCPDCL PF Trust, AP TRANSCO PF Trust, AP GENCO PF Trust .

c. Employees who joined after 1.02.1999

As per the actuarial valuation report for the year ended 31.03.2018, the current portion liability of gratuity, leave encashment and pension & gratuity have been shown here and the non current portion have been shown under the head of Long term provisions Note No.6.

- d. Inter Unit Accounts under Note No.9 shows a credit balance of Rs. 11.02 crore (Previous Year - Rs. 10.08 crore)
- e. Other Liabilities includes an amount of Rs. 749.05 crore (Previous Year 867.40 crore) to APTRANSCO which was taken on emergency basis. The above balance is subject to confirmation and reconciliation.

10 Short Term Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Provision for Employee cost	3,68,59,185	9,72,83,998
RPF Fund	64,506	64,506
Provision for Admin Expenses	20,60,27,401	12,10,53,324
Provision for CWIP	6,02,64,232	9,59,73,544
Provision for Interest	2,74,93,67,521	2,85,50,30,301
Provision for O&M works	3,68,18,125	8,62,69,309
Provision for R & C Penalties	10,21,595	10,21,595
Total	3,09,04,22,565	3,25,66,96,577

- a. It is to state that Provision for Interest includes interest payable on FRP bonds Rs. 101.78 crore and on JICA loan Rs. 2.57 crore and on RAPDRP loan Rs. 170.59 crore. If the conditions attached to the Loans in respect of RAPDRP are met, the loan amount will be treated as Grant. In the year of loan conversion into grant, all the interest accrued year on year will be reversed and credited to the Statement of Profit and Loss. Else all the accumulated interest will be treated as interest payable to the REC under RAPDRP scheme.

Note No.11 - Property Plant and Equipment

S.No.	Particular	Gross Block						Depreciation & Amortisation						Net Block	
		As at April 1, 2017	Additions	Deletions/ Adjustments	Acquired through business Combinations	Deletions Through Business Combinations	As at 31st March 2018	As at 1st April 2017	Depreciation charge for the year	Deletions/ Adjustments	Acquired through business Combinations	Deletions Through Business Combinations	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a	TANGIBLE ASSETS														
	Land	74,411,407	1,481,800		469,015	592	76,361,630	-	-	-	-	-	-	76,361,630	74,411,407
	Buildings	2,484,575,941	283,169,017	222,056	5,810,936	222,056	2,733,333,838	591,100,735	80,794,424	-	2,466,659,51	107,737	674,254,082	2,099,079,756	1,893,475,206
	Other Civil Works	1,077,350,866	217,544,071	3,153,091	9,611,561	3,153,091	1,301,352,637	120,599,261	35,629,183	-	939,093,90	754,219	1,564,13,319	1,144,939,318	956,750,834
	Plant and Machinery	53,543,531,131	5,052,487,975	62,363	559,364,551	113,759,093	59,041,562,200	21,196,275,875	3,795,005,255	46,645	305,777,104	51,144,949	25,205,866,640	33,835,695,560	32,347,255,256
	Lines and Cable Network	42,927,209,226	5,311,051,195	56,688,150	411,881,314	56,688,150	48,993,483,865	18,748,849,054	2,767,323,109	251,629,887,77	29,088,802	21,738,763,249	26,894,720,436	24,178,360,273	
	Meters and Metering equipment	10,559,722,910	682,888,146	4,808,837	59,950,766	4,808,837	11,259,902,508	6,022,978,806	867,639,839	39,088,828,94	3,283,026	6,895,939,118	4,363,963,390	4,535,744,104	
	Vehicles	70,267,804	205,408		508,687		70,981,899	48,948,895	10,258,679	457,818,03		59,665,082	11,319,817	21,319,219	
	Furniture and Fixtures	98,085,884	13,913,853		436,150		112,435,887	63,364,394	6,742,416	392,535,00		70,499,335	41,936,552	34,721,500	
	Office Equipment	286,761,132	25,269,954		231,486		312,262,573	159,912,670	24,712,895	197,819,00		184,823,384	127,439,189	126,848,462	
	Air Conditioners	15,362,549	1,410,936		1,178,332		16,773,485	10,054,216	1,325,727	866,738		11,379,943	5,993,542	5,306,334	
	Computer & IT Equipment	1,121,617,166	166,302,631	32,406	1,178,332	32,406	1,289,065,713	629,438,604	113,126,527	20,701	866,738	743,411,167	545,054,546	492,178,552	
	Sub Total	112,257,895,336	11,755,724,987	36,912,860	1,049,442,818	178,634,225	124,847,516,055	47,591,522,189	7,662,558,055	30,531,975	601,816,484	84,349,434	55,741,015,319	69,106,500,736	64,666,373,147
b	INTANGIBLE ASSETS														
	Computer Software	390,244,518	4,868,168		1,294,382		396,407,668	235,479,568	58,881,286				294,360,854	102,046,214	154,764,949
	Sub Total	390,244,518	4,868,168	-	1,294,382	-	396,407,668	235,479,568	58,881,286	-	-	-	294,360,854	102,046,214	154,764,949
c	Capital Work in Progress	7,677,430,601	16,776,427,778	12,324,496,290	151,810,323		11,281,172,411							11,281,172,411	7,677,430,601
	Sub Total	7,677,430,601	16,776,427,778	12,324,496,290	151,810,323	-	11,281,172,411	-	-	-	-	-	-	11,281,172,411	7,677,430,601
d	GRAND TOTAL (a+b+c)	120,325,570,455	27,537,020,933	12,361,409,150	1,202,547,523	178,634,225	136,525,095,534	47,827,001,758	7,721,439,340	30,531,975	601,816,484	84,349,434	56,035,376,173	80,489,719,361	72,498,566,697
	Grand Total of Previous Year	104,060,013,361	32,479,921,519	16,214,424,426	-	-	120,235,570,465	41,153,387,071	6,732,003,697	65,189,010	-	-	47,827,001,758	72,498,566,697	62,900,626,290

Note No. 12 NON CURRENT INVESTMENTS (at Cost)

A. Details of Trade Investments								
Sr.No	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)	
			As at 31 March 2018	As at 31 March 2017			As at 31 March 2018	As at 31 March 2017
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(10)	(11)
a)	APPDCL	Others	426,010,000	426,010,000	Unquoted	Fully Paid	4,260,100,000	4,260,100,000
	Total						4,260,100,000	4,260,100,000
B. Details of Other Investments								
Sr.No	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)	
			As at 31 March 2018	As at 31 March 2017			As at 31 March 2018	As at 31 March 2017
1	Investments in Government or Trust securities							
	AP TRANSCO - VIDYUT BONDS	Others	132	132	Quoted	Fully Paid	132000000	132000000
	APTRANSCO - VIDYUT BONDS (Face Value Rs.10,00,000/- per Bond)	Others	132	132	Quoted	Fully Paid	132,000,000	132,000,000
	8.74% APPFC Bonds (Face Value Rs.10,00,000/- per Bond)	Others	47	47	Quoted	Fully Paid	47,000,000	47,000,000
	9.97% APPFC Bonds (Face Value Rs.10,00,000/- per Bond)	Others	24	24	Quoted	Fully Paid	24,000,000	24,000,000
	9.64% APPFC Bonds (Face Value Rs.10,00,000/- per Bond)	Others	22	22	Quoted	Fully Paid	22,000,000	22,000,000
	5.64% Govt of India Securities	Others	200000	200000	Unquoted	Fully Paid	19,876,333	19,876,333
	8.35% Govt of India Securities	Others	172000	172000	Unquoted	Fully Paid	17,200,000	19,116,325
	8.5% APSFC - Unsecured, Redeemable, Non Convertible, Non	Others	64	64	Unquoted	Fully Paid	-	3,200,000
	SLR Bonds Series II-2008 (Face Value Rs.10,00,000/- per Bond)	Others	14	14	Unquoted	Fully Paid	14,000,000	14,000,000
	9.15% APSFC - Unsecured, Redeemable, Non Convertible, Non	Others	180	180	Unquoted	Fully Paid	18,000,000	18,023,625
	SLR Bonds Series VI-2013 (Face Value Rs.10,00,000/- per Bond)	Others	9	9	Unquoted	Fully Paid	9,000,000	9,000,000
	MAH SLD @ 9.25%	Others	194	194	Unquoted	Fully Paid	19,400,000	20,890,782
	APSFC SERIES VIII/2014 FRO (Face Value Rs.1,00,000/- per Bond)	Others	190	190	Unquoted	Fully Paid	19,000,000	19,522,993
	9.2% GOVERNMENT OF INDIA - 2030 SECURITIES							
	8.4% GOVERNMENT OF INDIA - 2024 SECURITIES							
	Sub Total (B)						341,476,333	348,630,058
	Transfer on Merger - Husnabad						38,435,149	-
	Grand Total (A+B+C)						4,640,011,482	4,608,730,058

13 Deferred Tax

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
a) Deferred Tax Liabilities		
i. Opening Balance	8,04,72,77,304	8,04,72,77,304
ii. Property Plant and Equipment : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting (iii - i)	1,02,17,12,270	-
iii. Gross deferred tax liability [13A - 1 (b)]	9,06,89,89,574	8,04,72,77,304
b) Deferred Tax Asset		
i. Opening Balance	10,59,88,28,456	10,59,88,28,456
ii. Net increase in Deferred Tax Asset (iii - i)	6,49,90,61,902	-
iii. Gross deferred tax asset [13A - 2(b)]	17,09,78,90,358	10,59,88,28,456
c) Net Deferred Tax Asset { a(iii) - b(iii)}	8,02,89,00,783	2,55,15,51,152
d) Deferred Tax liability from Merger of Husnabad	27,64,482	-
Net Deferred Tax Asset (c - d)	8,02,61,36,301	2,55,15,51,152

13A - Deferred Tax Calculations

1. Deferred Tax Liability

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
a) Timing Differences		
WDV as per Companies Act ,2013	69,13,21,85,320	64,82,11,38,096
less: WDV as per Income Tax Act, 1961	39,78,27,04,497	38,77,81,69,474
Net Written Down Value	29,34,94,80,823	26,04,29,68,622
b) Deferred Tax Liability on Net WDV @ 30.9 %	9,06,89,89,574	8,04,72,77,304

2. Deferred Tax Asset

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
a) Timing Differences		
i. Provision for Doubtful Debts	-	47,56,64,481
ii. Unabsorbed Depreciation	34,78,03,86,054	21,89,90,55,729
iii.43B Disallowances	20,55,25,92,450	11,92,56,95,505
Total Timing Differences	55,33,29,78,504	34,30,04,15,715
b) Deferred Tax Assets on Total Timing differences @ 30.9%	17,09,78,90,358	10,59,88,28,456

13B . Deferred Tax income Calculation

	As at March 31,2018 ₹	As at March 31,2017 ₹
1. Deferred Tax Liability	9,06,89,89,574	8,04,72,77,304
2. Deferred Tax Asset	17,09,78,90,358	10,59,88,28,456
Net Deferred Tax	8,02,89,00,783	2,55,15,51,151
Net Deferred Tax of Current year	8,02,89,00,783	
Less : Net Deferred Tax of Previous year	2,55,15,51,151	
Net Deferred tax Income credited to P&L	5,47,73,49,632	

Deferred Tax arising on carry forward business loss has not been considered as Timing difference, since as per the provisions of income tax act business loss could not be set off after 8 Assessment years. However, timings difference on unabsorbed depreciation has been considered, as the same can be carried forward without any limit.

The above net deferred tax portion has been adjusted to the extent of deferred tax liability received on merger of Husnabad because the assets and liabilities have been taken in total.

14 Long Term Loans & Advances

Particulars	As at March 31, 2018 ₹	As at March 31, 2017 ₹
a. Secured, Considered good		
Loans & Advances to employees	31,19,32,837	20,53,64,108
b. Unsecured, Considered good		
Loans & Advances to employees	3,22,97,350	2,40,71,071
Deposits	30,52,86,304	68,10,47,159
Capital Advances	1,14,10,01,357	84,47,18,554
Transfer on Merger - Husnabad	36,98,055	-
Total	1,79,42,15,903	1,75,52,00,892
c. Secured Long term Loans & Advances to employees includes		
Particulars	As at March 31,2018 ₹	As at March 31,2017 ₹
Housing Loan - Secured against House	14,39,70,326	8,36,02,407
Four Wheeler Loan - Hypothecation of Four Wheeler	16,79,62,511	12,17,61,701
Total	31,19,32,837	20,53,64,108

d. Unsecured Long term Loans & Advances to employees includes

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Education Loans	-	1,41,134
Two Wheeler Loan	1,25,03,607	1,13,46,035
Computer Loans	1,60,65,783	1,13,85,339
Marriage Advance	37,27,960	11,98,563
Total	3,22,97,350	2,40,71,071

e. Pending reconciliation of HR module with FICO module current portion of the long term loans & advances to employees (Secured & unsecured) is not ascertainable.

f. Unsecured Deposits Includes

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
Court Authorities	6,58,05,386	44,50,23,006
Telephone authorities	6,40,142	6,32,196
Deposits with Local Authorities and Resco	23,88,40,776	23,53,91,957
Total	30,52,86,304	68,10,47,159

g. Deposits with Local Authorities includes ₹ 21.56 crore (Previous Year ₹ 21.30 crore) 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.

15 - OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017
	₹	₹
(a) Secured, considered good		
Long Term Receivables from Employees	8,37,04,465	8,74,90,551
(b) Unsecured, considered good		
Receivable from ITI, Chennai	41,52,660	41,50,168
Total	8,78,57,125	9,16,40,719

a. Receivable from ITI represents 50% apprentice salaries paid by the company.

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

16 INVENTORIES

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Stores and Spares	3,49,29,83,582	2,86,04,72,291
Less: Provision for Recovery/Write Off of Cost Materials	5,51,46,049	4,47,90,298
Total	3,43,78,37,533	2,81,56,81,993

Provision for Obsolete Items: As per the physical verification report for the year ended 31st March, 2018 an amount of Rs. 5,51,46,049 is noticed as obsolete stock, but the provision for obsolete stock is available for an amount of Rs. 4,47,90,298 is existing and the Provision for Obsolete Stock is restated at Rs. 5,51,46,049 by providing additional Provision for Rs.1,03,55,751.

17 TRADE RECEIVABLES

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
i) Trade Receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	4,99,29,44,000	3,44,69,68,685
Unsecured, considered good	4,14,05,22,936	5,10,52,78,865
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
Sub Total	9,13,34,66,936	8,55,22,47,550
ii) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	4,53,71,89,339	12,25,38,49,128
Unsecured, considered good	31,79,84,26,620	12,02,44,37,057
Unsecured, considered doubtful	4,87,45,26,444	3,67,28,27,503
Less: Provision for doubtful debts	(4,87,45,26,444)	(3,67,28,27,503)
Less: Provision for doubtful debts FSA	(26,02,48,967)	(26,02,48,967)
Sub Total	36,07,53,66,992	24,01,80,37,218
Total (i + ii)	45,20,88,33,928	32,57,02,84,768

- The above trade receivables includes, Court Cases of ₹ 556.70 crore (Previous Year ₹ 487.03 crore), RR Act Cases ₹ 5.30 crore (Previous Year ₹ 13.51 crore), Bill Stopped/Disconnected Services ₹ 748.84 crore (Previous Year ₹ 732.25 crore) .
- The Above trade receivables also includes Debtors balances received on Merger of Husnabad to the extent of Rs. 20.29 crore and Rs. 0.71crore towards Unbilled Revenue. And the balances are given effect to the extent of Rs. 4.16 crore debtors transferred to NPDCL on demerger of Gundala Mandal.

18 CASH & CASH EQUIVALENTS

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
1. Cash and Cash Equivalents		
a. Balances with banks		
- In Current Accounts	4,16,36,54,768	3,08,52,68,131
- Remittance in Transit	(2,97,61,221)	(71,22,229)
- In Deposits with Original Maturity less than 3 Months	1,04,98,44,544	95,63,69,866
b. Cash on hand	20,74,14,569	18,84,26,315
c. Postage & Stamps	-	-
Total	5,39,11,52,660	4,22,29,42,083

d. Bank Reconciliation Statement reflects unidentified credits and unidentified debits in Bank Statements to the tune of Rs. 14.12 crore (previous year Rs. 8.90 crore) and Rs. 8.19 crore (Previous year Rs. 1.69 crore) respectively as at March 31, 2018.

19 - SHORT TERM LOANS & ADVANCES

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
a. Secured, considered good		
Recoverable from employees	11,54,295	16,02,320
b. Unsecured, considered good		
Loans & Advances to employees	14,07,67,441	19,31,12,667
Advance Tax (including TDS Receivable & Refunds Receivable) (Net)	5,30,92,181	4,88,72,945
Advance to Suppliers	1,55,93,273	37,85,762
Government Receivables	47,59,58,84,846	46,30,40,55,590
Provision for Government Receivables - Additional Power	(38,77,87,39,156)	(38,77,87,39,156)
Other Loans & Advances	60,26,554	59,52,323
Total	9,03,37,79,434	7,77,86,42,451

20 - OTHER CURRENT ASSETS

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Fixed asset retired from active use and held for disposal	6,72,296	6,72,296
Interest Accrued on Fixed Deposits	1,19,734	5,77,930
Interest Accrued on Investments	4,09,89,473	3,47,09,147
Unbilled Revenue - Trade Receivables	19,36,01,48,995	16,59,47,88,968
FSA Revenue - Receivables	5,51,36,41,199	5,51,36,41,199
TSGENCO Master P & G Trust	47,02,18,724	45,33,57,717
Receivable on Demerger of Kurnool and Anantapur	21,24,31,34,024	20,96,57,28,272
TSSPDCL GPF Trust	3,23,65,069	-
Other Receivables	1,60,54,79,030	57,59,51,215
Net Receivable on Merger - Husnabad	20,61,08,747	-
Net Receivable on Demerger - Gundala	9,24,23,021	-
Total	48,56,53,00,312	44,13,94,26,744

- TSGENCO Master P & G Trust owes to the company to the tune of Rs. 47.02 crore (Previous year Rs. 45.33 crore).
- Other Receivables include an amount of Rs.149.90 crore paid as advance Electricity Duty and the same will be adjusted during the next Financial Year 2018-19.

21 - REVENUE FROM OPERATIONS

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
(a) Sale of energy		
LT Supply	69,05,01,10,277	63,32,92,23,464
HT Supply	1,05,05,80,14,278	92,57,13,40,192
Interstate Sales	5,29,36,97,906	24,02,19,290
FSA	6,09,30,975	21,4,76,249
Tariff Subsidy	7,27,09,00,000	10,33,40,81,388
Revenue grant under UDAY Scheme	2,35,01,00,000	-
Additional Power Subsidy	-	-
Customer Charges	3,90,35,77,391	3,45,45,53,471
Theft of Power	25,04,62,874	24,36,68,183
DPS Income	5,47,87,66,998	4,30,85,56,437
R & C Penalties	(13,97,209)	(12,00,742)
(b) Other Operating Revenues		
Amortization of Consumer Contribution, Subsidies & Grants towards Property Plant and Equipment	1,48,51,87,567	2,63,70,62,938
Others	1,85,10,68,560	40,41,13,878
Less: Electricity Duty	(1,42,68,44,043)	(1,31,57,27,713)
Total	2,00,62,45,75,574	1,76,22,73,67,035

21 (b) (i) Depreciation on Property Plant and Equipment is provided under the 'Straight Line Method' upto 90% of the original cost of assets, at the rates notified by the Ministry of Power, Government of India vide Notification No. S.O.266 (E) dated 29th March, 1994. In view of this, Management is opined that Schedule II to the Companies Act, 2013 is not mandatorily applicable to the Company.

ii) The Depreciation on Consumer Contributions have been withdrawn on 90 % of the values and the effect was given for F.Y. 2014-15 to 2016-17 in the Present Financial Year 2017-18.

For the F.Y. 2016-17, losses of the company is for an amount of Rs. 4700.22 crore and as per the clauses under the UDAY scheme the Government of Telangana has sanctioned and released the funds @ 5% of Losses i.e., Rs. 235 crore (Rs. 4700.22*5%) and the same is accounted as Revenue grant under UDAY scheme during the present F.Y. 2017-18.

22 OTHER INCOME

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Interest Income		
Bank	5,57,12,186	2,53,06,951
Staff	25,70,633	13,89,806
Others	4,29,56,321	3,62,34,349
Rent from Company's Property Plant and Equipment	30,19,449	24,33,422
Sale of Scrap	1,88,81,227	2,63,48,488
Penalties from Suppliers	6,86,60,762	7,55,02,543
Miscellaneous Income	13,52,064	26,61,536
Other Income	57,51,97,823	1,04,05,16,620
Total	76,83,50,465	1,21,03,93,715

- As per the Company's Policy, interest on loans given to employees is recovered after repayment of the principal loan amount.
- Other Income includes prior period income for an amount of Rs. 6.44 crore (Previous year income Rs. (3.03) crore)

23 POWER PURCHASE COST

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Purchase of Power - Fixed Cost	71,73,07,53,578	64,95,70,17,375
Purchase of Power - Variable Cost	1,19,23,89,67,546	1,05,13,19,24,281
Transmission Charges	12,59,25,80,493	15,08,01,80,317
Other Power Purchase Costs	2,83,34,23,198	6,96,03,76,681
Total	2,06,39,57,24,815	1,92,12,94,98,654

24 - EMPLOYEE BENEFIT EXPENSE

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Salaries and incentives	8,46,69,05,379	8,30,24,15,088
Artisans Remuneration	1,28,26,76,647	1,51,97,71,987
Contributions to Employees Provident Fund 1952	34,55,48,335	32,36,45,923
Artisans EPF and ESI Contributions	21,81,42,626	18,23,72,638
Pension Benefits	8,46,87,03,900	6,12,42,03,073
Director's Remuneration & Allowances	1,40,42,252	83,47,682
Director's Sitting Fees	67,565	48,848
Staff welfare expenses	17,33,48,782	14,76,70,938
Less: Employee Cost Capitalised	(93,16,32,470)	(1,03,75,65,042)
Total	18,03,78,03,016	15,57,09,11,135

- i) During the F.Y. 2017-18, on 29-07-2017, the contract labour have been designated as artisans and salaries have been classified under this head. Similarly for the corresponding period (August 2016 to March 2017) of Previous year 2016-17 an amount of Rs. 151.97 crore have been brought from the head “ Contract Labour charges” Under Note No. 25 i.e., Operation and other Expenses.
- ii) Similarly, EPF and ESI contributions of contract labour forms part of contract labour charges in Note No. 25 in the previous year have been brought under the present head of Employee benefit expenses as Artisans EPF and ESI contributions for the corresponding previous period computed as Rs.18.24 crore (i.e., 12% of Rs. 151.97 crore) .

Disclosures for the DISCOM P&G Trust (Employees Recruited prior to 01-02-1999 and on Roll as on 31-03-2018)

Annexure 1: Funded status of the plan

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Present value of unfunded obligations	-	-
Present value of funded obligations	17,71,45,05,823	16,06,80,31,931
Fair value of plan assets	7,26,29,53,145	5,43,46,43,758
Net Liability (Asset)	10,45,15,52,678	10,63,33,88,173

Annexure 2: Profit and loss account for current period

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Current service cost	22,51,77,284	31,75,88,809
Interest on obligation	1,16,49,32,315	1,02,43,39,291
Expected return on plan assets	(39,40,11,672)	(42,80,56,620)
Net actuarial loss/(gain)	32,20,66,578	1,63,20,52,623
Past service cost	-	22,08,90,649
Loss/(gain) on curtailments and settlement	-	-
Total included in 'Employee Benefit Expense'	1,31,81,64,505	2,76,68,14,752
Expenses deducted from the fund	-	-
Total Charge to P&L	1,31,81,64,505	2,76,68,14,752
Loss/(Gain) on obligation as per Annexure 3	1,09,80,23,646	1,67,45,18,569
Loss/(Gain) on assets as per Annexure 4	(77,59,57,068)	(4,24,65,946)
Net actuarial Loss/(Gain)	32,20,66,578	1,63,20,52,623

Annexure 3: Reconciliation of defined benefit obligation

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Opening Defined Benefit Obligation	16,06,80,31,931	13,60,38,67,736
Current service cost	22,51,77,284	31,75,88,809
Interest cost	1,16,49,32,315	1,02,43,39,291
Actuarial loss (gain)	1,09,80,23,646	1,67,45,18,569
Past service cost	-	22,08,90,649
Loss (gain) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(84,16,59,353)	(77,31,73,123)
Benefits payable	-	-
Closing Defined Benefit Obligation	17,71,45,05,823	16,06,80,31,931

Annexure 4: Reconciliation of plan assets

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Opening value of plan assets	5,43,46,43,758	5,73,72,94,315
Transfer in/(out) plan assets	-	-
Expenses deducted from the fund	-	-
Expected return	39,40,11,672	42,80,56,620
Actuarial gain and (loss)	77,59,57,068	4,24,65,946
Assets distributed on settlements	-	-
Contributions by employer	1,50,00,00,000	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(84,16,59,353)	(77,31,73,123)
Closing value of plan assets	7,26,29,53,145	5,43,46,43,758

The actual return on the assets is Rs. 49,72,98,616. There was a difference in the Opening Value of Plan Assets as provided by the Company and the one given in the previous valuation report. The said difference of Rs. 67,26,70,124 has been included in the interest income.

Annexure 5: Reconciliation of net defined benefit liability

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Net opening provision in books of accounts	10,63,33,88,173	7,86,65,73,421
To be Transferred in/(out) obligation in respect of pensioners & Family pensioners of Unit code: 9100	-	-
Transfer in/(out) plan assets	-	-
Employee benefit expense as per Annexure 2	1,31,81,64,505	2,76,68,14,752
Sub- Total	11,95,15,52,678	10,63,33,88,173
Benefits paid by the Company	-	-
Amounts transferred to 'payable account'	-	-
Contributions to plan assets	(1,50,00,00,000)	-
Closing provision in books of accounts	10,45,15,52,678	10,63,33,88,173

Annexure 6: Composition of the plan assets

Particulars	As at March 31,2018	As at March 31,2017
	%	%
Government of India Securities	0%	0%
State Government Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special Deposit Scheme	0%	0%
Policy of insurance	100%	100%
Bank Balance	0%	0%
Other Investments	0%	0%
Total	100%	100%

Annexure 7: Bifurcation of liability as per schedule III

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Current Liability*	65,21,28,774	-
Non-Current Liability	9,79,94,23,904	10,63,33,88,173
Net Liability	10,45,15,52,678	10,63,33,88,173

* The current liability is calculated as expected contributions for the next 12 months.

Annexure 8: Table of experience adjustments

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Defined Benefit Obligation	17,71,45,05,823	16,06,80,31,931
Plan Assets	7,26,29,53,145	5,43,46,43,758
Surplus/(Deficit)	(10,45,15,52,678)	(10,63,33,88,173)
Experience adjustments on plan liabilities	1,81,27,61,822	-
Actuarial loss/ (gain) due to change in demographic assumption	40,47,213	-
Actuarial loss/(gain) due to change in financial assumptions	(71,87,85,389)	-
Experience adjustments on plan assets	(77,59,57,068)	-
Net actuarial loss/ (gain) for the year	32,20,66,578	-

Annexure 9: Principle actuarial assumptions

Particulars	As at March 31,2018	As at March 31,2017
Discount Rate	7.60%	7.25%
Expected Return on Plan Assets	7.60%	7.25%
Salary Growth Rate	9.00%	9.00%
Pension Growth Rate	4.00%	4.00%

Earned Leave Encashment for all Employees on roll as on 31.03.2018

Annexure 1: Funded status of the plan

Particulars	31-Mar-2018	31-Mar-2017
Present value of unfunded obligations	5,68,75,52,270	6,58,64,35,786
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Net Liability (Asset)	5,68,75,52,270	6,58,64,35,786

Annexure 2: Profit and loss account for current period

Particulars	31-Mar-2018	31-Mar-2017
Current service cost	23,20,54,533	
Interest on obligation	47,75,16,594	
Expected return on plan assets	-	76,14,63,769
Net actuarial loss/(gain)	(1,28,50,18,443)	
Past service cost	-	-
Losses/(gains) on curtailments and settlement	-	-
Total included in 'Employee Benefit Expense'	(57,54,47,316)	76,14,63,769
Expenses deducted from the fund	-	-
Total Charge to P&L	(57,54,47,316)	76,14,63,769
Loss/(Gain) on obligation as per annexure 3	(1,28,50,18,443)	-
Loss/(Gain) on assets as per annexure 4	-	-
Net actuarial Loss/(Gain)	(1,28,50,18,443)	-

Annexure 3: Reconciliation of defined benefit obligation

Particulars	31-Mar-2018	31-Mar-2017
Opening Defined Benefit Obligation	6,58,64,35,786	6,09,68,31,612
Transfer in/(out) obligation	-	-
Current service cost	23,20,54,533	
Interest cost	47,75,16,594	76,14,63,768
Actuarial losses/ (gains)	(1,28,50,18,443)	
Past service cost	-	-
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits Paid	(32,34,36,200)	(27,18,59,594)
Closing Defined Benefit Obligation	5,68,75,52,270	6,58,64,35,786

Annexure 4: Reconciliation of plan assets

Particulars	31-Mar-2018	31-Mar-2017
Opening value of plan assets	-	-
Transfer in/(out) plan assets	-	-
Expenses incurred in the fund	-	-
Expected return	-	-
Actuarial gains and (losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing Value of Plan Assets	-	-

Annexure 5: Reconciliation of net defined benefit liability

Particulars	31-Mar-2018	31-Mar-2017
Net opening provision in books of accounts	6,58,64,35,786	6,09,68,31,612
Transfer in/(out) obligation	-	-
Transfer (in)/out plan assets	-	-
Employee benefit expense as per annexure 2	(57,54,47,316)	76,14,63,769
	6,01,09,88,470	6,85,82,95,381
Benefits paid by the company	(32,34,36,200)	(27,18,59,594)
Contributions to plan assets	-	-
Closing provision in books of accounts	5,68,75,52,270	6,58,64,35,786

Annexure 6: Composition of the plan assets

Particulars	31-Mar-2018	31-Mar-2017
Government of India Securities	0%	0%
State Government Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special Deposit Scheme	0%	0%
Policy of insurance	0%	0%
Bank Balance	0%	0%
Other Investments	0%	0%
Total	0%	0%

Annexure 7: Bifurcation of liability as per schedule III

Particulars	31-Mar-2018	31-Mar-2017
Current Liability*	76,33,23,663	-
Non-Current Liability	4,92,42,28,607	6,58,64,35,786
Net Liability	5,68,75,52,270	6,58,64,35,786

* The current liability is calculated as expected benefits for the next 12 months.

Annexure 8: Table of experience adjustments

Particulars	31-Mar-2018	31-Mar-2017
Defined Benefit Obligation	5,68,75,52,270	6,58,64,35,786
Plan Assets	-	-
Surplus/(Deficit)	(5,68,75,52,270)	(6,58,64,35,786)
Experience adjustments on plan liabilities	(1,15,06,11,493)	-
Actuarial loss/(gain) due to change in financial assumptions	(13,44,06,950)	-
Actuarial loss/ (gain) due to change in demographic assumption	-	-
Experience adjustments on plan assets	-	-
Net actuarial loss/ (gain) for the year	(1,28,50,18,443)	-

Annexure 9: Principle actuarial assumptions

Particulars	31-Mar-2018	31-Mar-2017
Discount Rate	7.60%	7.60%
Expected Return on Plan Assets	Not Applicable	Not Applicable
Salary Growth Rate	9.00%	9.00%
Withdrawal Rates	1% at younger ages reducing to 0% at older ages	1% at younger ages reducing to 0% at older ages
Leave Availment Rate	5% p.a.	5% p.a.
Leave Encashment Rate	0% p.a.	0% p.a.

Gratuity for Employees Recruited after 01.02.1999

Annexure 1: Funded status of the plan

Particulars	As at March 31,2018	As at March 31,2017
Present value of unfunded obligations	1,20,72,21,098	1,14,85,95,507
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Net Liability (Asset)	1,20,72,21,098	1,14,85,95,507

Annexure 2: Profit and loss account for current period

Particulars	As at March 31,2018	As at March 31,2017
Current service cost	10,61,31,684	6,50,63,589
Interest on obligation	8,32,73,174	6,28,21,705
Expected return on plan assets	-	-
Net actuarial loss/(gain)	(10,15,62,766)	10,29,98,150
Recognised Past Service Cost	-	11,34,11,429
Recognised Past Service Cost-Unvested	-	-
Loss/(gain) on curtailments and settlement	-	-
Total included in 'Employee Benefit Expense'	8,78,42,092	34,42,94,873
Expenses deducted from the fund	-	-
Total Charge to P&L	8,78,42,092	34,42,94,873
Loss/(gain) on obligation as per Annexure 3	(10,15,62,766)	10,29,98,151
Loss/(gain) on assets as per Annexure 4	-	-
Net actuarial loss/(gain)	(10,15,62,766)	10,29,98,151

Annexure 3: Reconciliation of defined benefit obligation

Particulars	As at March 31,2018	As at March 31,2017
Interest on Opening Defined Benefit Obligation	1,14,85,95,507	81,69,04,664
Transfer in/(out) obligation	-	-
Current service cost	10,61,31,684	6,50,63,589
Interest cost	8,32,73,174	6,28,21,705
Actuarial loss (gain)	(10,15,62,766)	10,29,98,151
Past service cost	-	11,34,11,429
Loss (gain) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(2,92,16,501)	(1,26,04,031)
Closing Defined Benefit Obligation	1,20,72,21,098	1,14,85,95,507

Annexure 4: Reconciliation of plan assets

Particulars	As at March 31,2018	As at March 31,2017
Opening value of plan assets	-	-
Transfer in/(out) plan assets	-	-
Expenses deducted from the fund	-	-
Expected return	-	-
Actuarial gain/(loss)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing value of plan assets	-	-

Annexure 5: Reconciliation of net defined benefit liability

Particulars	As at March 31,2018	As at March 31,2017
Net opening provision in books of accounts	1,14,85,95,507	81,69,04,664
Transfer in/(out) obligation	-	-
Transfer (in)/out plan assets	-	-
Employee Benefit Expense as per Annexure 2	8,78,42,092	34,42,94,873
	1,23,64,37,599	1,16,11,99,537
Benefits paid by the Company	(2,92,16,501)	(1,26,04,031)
Contributions to plan assets	-	-
Closing provision in books of accounts	1,20,72,21,098	1,14,85,95,506

Annexure 6: Composition of the plan assets

Particulars	As at March 31,2018	As at March 31,2017
	%	%
Government of India Securities	0%	0%
State Government Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special Deposit Scheme	0%	0%
Policy of insurance	0%	0%
Bank Balance	0%	0%
Other Investments	0%	0%
Total	0%	0%

Annexure 7: Bifurcation of liability as per schedule III

Particulars	As at March 31,2018	As at March 31,2017
Current Liability*	2,71,89,257	2,11,42,424
Non-Current Liability	1,18,00,31,841	1,12,74,53,082
Net Liability	1,20,72,21,098	1,14,85,95,506

* The current liability is calculated as expected benefits for the next 12 months.

Annexure 8: Table of experience adjustments

Particulars	As at March 31,2018	As at March 31,2017
Defined Benefit Obligation	1,20,72,21,098	1,14,85,95,507
Plan Assets	-	-
Surplus/(Deficit)	(1,20,72,21,098)	(1,14,85,95,507)
Experience adjustments on plan liabilities	(4,36,46,114)	10,29,98,151
Actuarial loss/(gain) due to change in financial assumptions	(5,79,16,652)	-
Actuarial loss/ (gain) due to change in demographic assumption	-	-
Experience adjustments on plan assets	-	-
Net actuarial loss/ (gain) for the year	(10,15,62,766)	10,29,98,151

Annexure 9: Principle actuarial assumptions

Particulars	As at March 31,2018	As at March 31,2017
Discount Rate	7.60%	7.25%
Expected Return on Plan Assets	Not Applicable	Not Applicable
Salary Growth Rate	9.00%	9.00%
Withdrawal Rates	1% at younger ages reducing to 2% at older ages	1% at younger ages reducing to 2% at older ages

25 OPERATION & OTHER EXPENSES

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Advertisement	2,65,06,961	2,24,79,888
Collection Agency Expenses	-	5,56,421
Consultancy Charges	4,60,01,805	3,48,64,995
Consumer Service Centre Charges	-	17,853
Contract Labour Charges	84,14,33,824	39,89,74,795
Electricity Charges	7,37,91,712	6,82,38,370
Insurance	8,46,097	10,87,029
Inventories Handling Charges	2,04,93,952	2,04,34,967
Legal Charges	57,62,906	72,56,265
Licence fees - TSERC	5,70,42,495	5,44,71,600
Office Maintenance	62,27,089	70,35,784
Other Expenses	16,66,12,871	15,76,53,281
Postage & Telegrams	13,64,393	14,35,396
Printing & Stationery	6,30,85,850	5,07,66,036
Professional Charges	17,71,58,998	17,21,26,658
R&M - Others	7,60,74,395	6,34,10,365
Rates & taxes	4,62,10,919	5,37,11,237
Rent	22,12,195	10,03,395
Repairs to Buildings & Civil works	3,22,49,464	2,36,11,981
Repairs to Plant and Machinery	96,74,70,306	1,29,31,32,247
Repairs to Vehicles	1,08,10,912	83,15,318
Telephone & Communication	5,17,26,144	4,49,72,021
Training Exp	33,93,105	35,31,032
Travelling Expense	19,09,51,759	22,96,43,958
Vehicle Hire charges	34,23,40,791	29,94,15,164
Vidyut Ombudsman Exp	41,30,000	44,66,000
Payments to the auditor	15,57,600	16,95,600
Less: Administration & General Exp Capitalised	(16,32,94,491)	(18,19,08,701)
Total	3,05,21,62,052	2,84,23,98,954

26 FINANCE COSTS

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Interest expense		
-Long Term Loans	2,37,93,45,504	6,60,30,19,165
-Short Term Loans	3,74,36,00,561	2,33,50,81,474
-Consumption Deposits	1,51,33,05,869	1,60,14,35,104
-Others		
On FRP Bonds	2,07,06,86,962	-
On Other Liabilities	38,60,154	1,01,54,713
Bank Charges	1,47,17,790	97,07,511
Less: Interest Capitalised	(24,00,88,561)	(22,68,88,273)
Total	9,48,54,28,279	10,33,25,09,694

The Government of Telangana has released the funds to the extent of Rs. 4876.84 crore under UDAY Scheme (Viz. Rs. 4593.84 crore in F.Y. 2016-17 and Rs. 283 crore in F.Y. 2017-18). Hence, TSSPDCL has utilized the said amount towards repayment of loans covered in UDAY scheme. As such interest burden on Long Term loans has been reduced to that extent.

- The Govt of Telangana vide letter No. 383/Energy Department/2014 dated 15-06-2017 has informed TS Discoms to meet the Interest on FRP Bonds from the internal sources. Since, the Govt has takenover Loans for an amount of Rs. 5,550 crore of TSSPDCL under Uday Scheme and Thereby TSSPDCL is saving significant amount of interest under the head of interest on liabilities. Therefore, TSSPDCL has repaid interest on FRP (Financial Restructuring Planning) Bonds for the F.Y. 2017-18 for the said amount of Rs. 207.07 crore was met from internal sources.
- Under the head Interest on Other Liabilities include interest on GPF payable to TSSPDCL GPF Trust for the Financial year 2017-18 of Rs. NIL (Previous Year Rs. 0.59 crore)

27 EXCEPTIONAL ITEMS

Particulars	As at March 31,2018	As at March 31,2017
	₹	₹
Assets Scrapped	63,80,885	3,28,35,897
Provision for Bad Debts	1,20,16,98,941	(47,56,86,648)
Compensation	16,19,83,661	9,61,12,986
Others	49,98,828	(3,24,751)
Price Variation	5,04,53,400	(4,81,06,493)
Electricity Duty payable	0	(24,96,44,273)
Total	1,42,55,15,715	(64,48,13,282)

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

Particulars	As at March 31,2018 ₹ (in crore)	As at March 31,2017 ₹ (in crore)
(i) Contingent Liabilities		
(a) Disputed Entry tax	234.96	33.25
(b) Sales tax Penalty against G Form (Cement purchases)	1.34	1.34
(c) Liability under AP VAT Act 2005 (April 2005 to 2009-10)	91.00	91.00
(d) Income Tax (TDS)	93.25	93.25
Sub Total (i)	420.55	218.84
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	249.34	273.45
Sub Total (ii)	249.34	273.45
Grand Total (i+ii)	669.89	492.29

29. AP Transco claimed transmission charges, SLDC operating charges and annual fee for the period from 01st June 2014 to 30th October 2016. As decided by management of TSPCC, AP Transco claims are not accounted in the books, In view of this, there is no mandate to APTRANSCO to claim any transmission and SLDC charges beyond the direction of Hon'ble Commission.
30. The company has identified the vendors under "The Micro, Small and Medium Enterprises Development Act, 2006" and disclosed trade payables under MSME. However, confirmation of balances are pending from the above vendors.
31. Income-tax assessments for the Assessment Year 2017-18 is pending. There is a dispute on TDS deduction under section 194C vs 194J for the assessment year 2007-08, in the High Court of AP and Telangana and for the A.Y. 2008-09 and 2009-10 at the Supreme court of India and all the disputed amount put together is for Rs. 93.25 crore and the Company is of the opinion that no provision is necessary in respect of disputed amounts and the case status as on date is pending in the respective courts. Any further provision required in respect of disputed addition will be considered on completion of Appellate Proceedings.
32. VAT audit completed upto 2015-16. Sales Tax assessment for the Financial Year 2016-17 is in progress.
33. Cost Audit has become mandatory for the company from Financial year 2011-12 onwards. The company has appointed Cost auditor and cost audit is completed upto the financial year 2016-17.

34. Quantitative Information

Particulars	As at March 31,2018	As at March 31,2017
Energy Input (MU) Discom	40147.50	34799.70
Sale of Energy (KWH MU)	35589.90	30844.18

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

AS 7 Construction Contracts.

AS 17 Segment Reporting since Distribution and Retail Supply of Power comprises the only primary & reportable segment.

AS 18 Related Party Disclosures since the Company is a State Government Company and falls within the designation of 'State Controlled Enterprise'.

AS 21 Consolidated Financial Statements, since the Company does not have any Subsidiary Company.

AS 23 Accounting for Investments in Associates in Consolidated Financial Statements.

AS 25 Interim Financial Reporting.

AS 27 Financial Reporting of Interest in Joint Ventures.

36. Previous year figures have been regrouped wherever necessary.

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

As per our report of even date

For and on behalf of the Board of Directors of
Southern Power Distribution Company of TS Limited

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

Sd/-
Sri P. Narasimha Rao
Director Finance / CFO
DIN : 08242557

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

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

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

Sd/-
Anil Kumar Voruganti
Company Secretary
F.No. 9521

Date : 13-11-2018
Place: Hyderabad



INDEPENDENT AUDITORS' REPORT

To
The Members of
Southern Power Distribution Company of Telangana Limited,
Hyderabad.

Report on the Financial Statements:

1. We have audited the accompanying financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited) ("the Company")**, Hyderabad, which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes



evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

Basis for Qualified Opinion:

4. We are informed that the Company is governed by the Electricity Act, 2003 and accordingly the provisions of the said Act would prevail, wherever the same are inconsistent with the provisions of the Companies Act, 2013 in terms of section 174 of the Electricity Act. Accordingly, in terms of section 185(2)(d) of the Electricity Act, the Annual accounts of the Company have been prepared as per the rules prescribed under "Electricity (Supply) (Annual Accounts) Rules 1985. Accordingly the Company has not complied with some of the mandatory Accounting Standards, as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the requirements of Schedule- III to the companies Act, 2013, details of which are given here under:
 - a) Capitalization of administrative overheads (including staff cost) at 10% of the direct cost of the assets capitalized during the year as per the company's Accounting Policy No.1.5 (c), amounting to Rs.109,49,26,960/-, is not in accordance with Accounting Standard-10: "Property Plant and Equipment", as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.
 - b) Carrying the written down value of the "burnt meters", which are replaced with "new meters" in the company's books of account, which is not in accordance with the Accounting Standard 10: "Property Plant and Equipment", as the same are no longer in existence, amount of which is not determinable.
 - c) As stated in Accounting Policy No.1.8, recognition of the contributions received from consumers and specific grants from the state/central governments or their agencies for creation of tangible assets as "Reserves" on receipt basis, even before the creation of the said assets and adjustment of the same against depreciation on the proportionate value of the assets built out of the said contributions and grants, instead of the specific assets created with the said contributions/ grants, which is contrary to Accounting Standard 12" Accounting for Government Grants"
 - d) Non-recognition of the "parcels of land" received at free of cost from State Government and its agencies in the books of account, as required by Accounting Standard 12: " Accounting for Government Grants"
5. Consequent to the creation of the State of Telangana, in accordance with the Andhra Pradesh Reorganization Act 2014, the Ananthapur and Kurnool operating business circles of the company have been reassigned to APSPDCL with effect from 2nd June 2014 in accordance with G.O. Ms. No. 24 dated 29th May 2014 issued by State Government of Andhra Pradesh. The company has recognized the transfer of assets and liabilities in the financial year 2015-16 of these two Circles in its books of account, as per the "Basis of Apportionment" mentioned in the said G.O, which is approval by the Expert Committee constituted by the Government of India, which is computed under the "pooling of interest" method. The company instead of recognizing the share of the said two Circles in the "Share Capital" of Rs. 325,27,89,980 as a reduction in the share capital, recognized Rs.723,00,74,154 as "Capital Reserve"



resulting in understatement of its negative net-worth by Rs.1048,28,64,134 and consequential overstatement of “Receivables.”

6. We report that the following accounts have not been reconciled as at 31st March 2018 and accordingly we are unable to express an opinion on the effect of said un-reconciled amounts on the (Loss) of the company for the year:
- Inter units’ accounts with a credit balance of Rs.11,01,77,268/-.
 - Amount appearing under “Debt servicing Clearing A/c” with a debit balance of Rs.9,49,63,730/

Qualified Opinion:

7. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in sub-paragraphs 4 to 6 in the Basis for Qualified Opinion paragraphs, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its losses and its cash flows for the year ended on that date.

Emphasis of Matters:

8. Consequent to the amendment brought in vide G.O.Ms.396 dated 09.06.2005 to the second transfer scheme notified vide G.O.Ms. 142 dated 29.09.2001, the Company has incorporated in its books of account as on 01.04.2010, various assets, including fixed assets and liabilities towards power purchase, supplies & services received and balances outstanding in respect of the loans, representing term loans, cash credits, working capital loans received from various banks and financial institutions, other receivables from the State Government of AP, of the amounts mentioned in the two notifications referred to above. We understand that the above amounts, at which the various assets and liabilities are recognized in the books of account as on that date, are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP.
9. State Government of Andhra Pradesh amended retrospectively with effect from 09.06.2005, the share of each DISCOM in various bulk supply power purchase agreements vide its notification NO. 53 Energy (Power III) dated 28.04.2008. We are informed that the company has made a representation to give effect to the said revised sharing prospectively. Pending disposal of the company’s representation, the contingent liability/receivables, if any, due to the said retrospective amendment of the share of the company in various bulk supply of power purchase agreements has not been disclosed in the books of account.
10. During the Financial Year 2016-17, State Government of Telangana vide G.O. Ms. No. 225, 234 and 240 Dated 11.10.2016, has issued orders for reorganization of districts and formation of new districts in the state of Telangana. Accordingly 7 Mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL and Further, Gundala Mandal of Nalgonda which is under the territorial jurisdiction of TSSPDCL has been Demerged/Hived off and merged with Jangaon District under the territorial jurisdiction of TSNPDCL. During the year under report the adjustment entries to assets and liabilities as on 11.10.2016 pertaining to the said Mandals merged and demerged have been made in the books of account of the company.



11. Current accounts maintained with various banks have Board excess, being cheques/ cash deposited in banks and not appearing in banks' statements of account of Rs.8,19,20,387/- (of which Rs.4,29,00,878/- outstanding for more than three months) and Bank excess, representing amounts credited by banks but not appearing in the books of account of the company of Rs.14,12,73,839/- as on 31.03.2018.
12. Letters of confirmation of balances have not been provided for our verification in respect of the following, the impact that may result on reconciliation and review of the same cannot be ascertained:
 - a. Balances due to / from various vendors for supplies and services, other power distribution companies.
 - b. Balances due from/ to various consumers/customers. Our opinion is not qualified in respect of the aforesaid matters

Other Matters:

13. In terms of G.O.Ms No 21, Energy (Power – III) dated 12.05.2014, “Telangana State Power Coordination Committee” (TSPCC), which has no separate legal entity under any statute, administers matters relating to purchase of power including the allocation of the said cost of purchase between various DISCOMs, including “Expensive Power” sale of power between various DISCOMs, interstate sale/ purchase of power and maintains the books of account in respect of the same on behalf of the various DISCOMs in the State of Telangana. Further these transactions are subjected to audit by an independent firm of Chartered Accountants. Accordingly the transactions relating to purchase of power, sale/purchase of power to/ from other DISCOMs, balances due to/ from various DISCOMs, write back of excess provisions in earlier years towards cost of power purchased, interstate sale of power, subsidies from State Government, provision towards doubtful recovery of subsidy from the State Government towards expensive power recognized in the books of account in earlier years, borrowings made for the purchase of power being cash credit facilities and short term borrowings from banks, financial institutions, State & Central Governments together with interest, disclosures regarding contingent liabilities etc., are incorporated in the books of account of the company based on the information provided by TSPCC, duly certified by the independent firm of Chartered Accountants. Consequently, besides carrying out our independent verification we have also relied upon the certification provided by the independent firm of Chartered Accountants in respect of the above matters.

Our opinion is not qualified in respect of the aforesaid matters

Report on Other Legal and Regulatory Requirements:

14. As required by the Companies (Auditor's Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(5) of the Act, we have considered the directions / sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the financial statements of the Company are given in the **Annexure B**.
16. As required by Section 143 (3) of the Act, we report that:





- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow statement dealt with by this Report are in agreement with the books of account.
- d) Except for the matters described in the Basis for Qualified Opinion Paragraphs, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) The matters described in the Basis for Qualified Opinion above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure C**” to this report.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) We are informed that the Company does not have any pending litigations that would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Registration Number: 000513S

Sd/-

(C. V. Ramana Rao)

Partner

Membership Number: 018545

Place: Hyderabad

Date: 13.11.2018



Annexure A to the Independent Auditor's Report:

The **Annexure A** referred to in paragraph 14 of our Independent Auditor's report of even date, to the members of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad** for the year ended 31 March 2018.

We report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) We are informed by the company that no physical verification of fixed assets has been carried-out during the year under report. Accordingly, we are unable to comment regarding any material discrepancies between the fixed assets register and the assets physically available.
- c) We are informed by the company that purchase/gift / lease deeds are generally executed in respect of "parcels of land" purchased/ gifted/ given on long term lease upto 99 years to the company by private parties, which are generally kept at various field offices of the company and accordingly complete details along with the said deeds could not be provided to us, except a very few deeds executed during the year under audit. We are also informed by the company that in respect of the "parcels of land" alienated to it by the State Government or its agencies other than the letters of alienation/allotment/ physical handing over, no other legal documents are generally executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.
- ii) Physical verification of inventory has been conducted during the year by the management at reasonable intervals. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv) The company has neither given any loans to the directors or any other persons in whom the director is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013.
- v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.
- vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the



opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

- vii) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other statutory dues which were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable, except the following:

Name of the statute/Authority	Nature of dues	Period to which the amount relates	Amount (In Lakhs)
Central Sales Tax Act, 1956	Central Sales Tax	From FY 2012-13 to 2015-16	0.97
Income Tax Act, 1961	Tax Collected at Source	From FY 2010-11 to FY 2015-16	0.56
AP V.A.T Act, 2005	Value Added Tax	From FY 2010-11 to FY 2016-17	0.92

- b) As at 31st March 2018, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:

S.No.	Name of the Statute	Nature of the Dues	Amount (Rs. In Crore)	Period to which the amount relates	Forum where dispute is pending
1.	A.P. Tax on entry of goods in local area Act, 2001	Entry tax on goods purchased from outside state	234.96	For the financial year from 2002-03 to 2016-17	Hon'ble Supreme Court of India
2.	A.P. general Sales Tax Act, 1956	Sales Tax	1.34	For the financial year from 2001-02 to 2004-05	Hon'ble A.P sales Tax Appellate Tribunal, Hyderabad
3.	A.P.VAT Act, 2005	VAT	90.99	For the financial year from 2008-09 to 2012-13	Hon'ble A.P High Court, Hyderabad
4.	Income Tax Act, 1961	TDS	93.25	For the Assessment years from 2007-08 to 2009-10	Hon'ble Supreme Court of India and Hon'ble High Court of Hyderabad



- viii) According to the information and explanations given to us, the Company has not defaulted in repayment of any loan installments in respect of term loans from financial institutions and banks.
- ix) In our opinion and according to the information and explanations given to us, the Term Loans obtained during the financial year under report and in earlier years have been applied for the purposes for which they were raised.
- x) According to the information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion, the company is not a Nidhi Company. Consequently the clause 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Accounting Standards are disclosed in the financial statements.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year under review. Consequently the clause 3(xiv) of the order is not applicable.
- xv) The Company has not entered into any non cash transactions with the directors or persons connected with them during the year under report. Consequently the clause 3(xv) of the order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently the clause 3(xvi) of the order is not applicable.

For BRAHMAYYA & CO.,

Chartered Accountants

Firm Registration Number: 000513S

Sd/-

(C. V. Ramana Rao)

Partner

Membership Number: 018545

Place: Hyderabad

Date: 13.11.2018





The **Annexure B** referred to in paragraph 15 of our Independent Auditor's report of even date on the financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad**

We report that:

S.No	Questions	Replies
1	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available.	We are informed by the company that purchase/gift / lease deeds are generally executed in respect of “parcels of land” purchased/ gifted/ given on long term lease upto 99 years to the company by private parties, which are generally kept at various field offices of the company and accordingly complete details along with the said deeds could not be provided to us, except a very few deeds executed during the year under audit. We are also informed by the company that in respect of the “parcels of land” alienated to it by the State Government or its agencies, other than the letters of alienation/allotment/ physical handing over, no other legal documents are executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a very few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.
2	Whether there are any cases of waiver /write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	During the year there has been an instance of write off of receivable of Rs. 88.96 Lakhs in the books of account of the company which is kept under the personal account of an officer of the company for non-closure of various pending work orders in earlier years.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities?	We are informed that no inventory of the company is lying with third parties as at the end of the year.



		<p>We are informed that during the year, company has received the “parcels of land” alienated to it by the State Government or its agencies, other than the letters of alienation/allotment/ physical handing over, no other legal documents are executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a very few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.</p>
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For BRAHMAYYA & CO.,

Chartered Accountants

Firms' Registration Number: 000513S

Sd/-

(C. V. Ramana Rao)

Partner

Membership Number: 018545

Place: Hyderabad

Date: 13-11-2018



The **Annexure C** referred to in paragraph 16 (g) of our Independent Auditor's report of even date on the financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad**

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited) ("the Company")**, Hyderabad, as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

A. Management's Responsibility for Internal Financial Controls

1. The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

B. Auditors' Responsibility

2. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
3. An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



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

C. Meaning of Internal Financial Controls over Financial Reporting

5. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:
 - i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

D. Inherent Limitations of Internal Financial Controls over Financial Reporting

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

E. Qualified Opinion

7. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the company's internal controls over financial reporting as at March, 2018;
8. Absence of control in respect of:
 - a. Seeking balance confirmations and performing periodical reconciliations of various receivables, payables, deposits, advances etc.
 - b. Conducting bank reconciliation of bank pool account operated by TSPCC.
 - c. Capitalization of capital work orders without work order completion certificates and non-closure of work orders.
 - d. Accounting of assets discarded in the books of account, like "burnt meters replaced".



9. A material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is reasonable possibility that a material misstatement/(s) of the company's annual financial statements will not be prevented or detected on a timely basis.
10. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" and except for the possible effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the company's internal financial controls over financial reporting were operating effectively as at 31st March, 2018.

For BRAHMAYYA & CO.,

Chartered Accountants

Firms' Registration Number: 000513S

Sd/-

(C. V. Ramana Rao)

Partner

Membership Number: 018545

Place: Hyderabad

Date: 13-11-2018



**C & AG
REPORT**





**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (Audit)
Telangana, Hyderabad**

C & AG REPORT

No. PAG(Audit)/ES(Power)/TSSPDCL/AA-17-18/2017-18/71 Dated: 31.12.2018.

To
The Chairman and Managing Director,
Southern Power Distribution Company of Telangana Limited,
Mint Compound, Hyderabad - 500063.

Sir,

Sub: Comments under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31 March 2018.



I am to forward herewith Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of your Company for the year ended 31 March, 2018 for necessary action.

1. The date of placing of Comments along with Annual Accounts and Auditors' Report before the Shareholders of the Company may be intimated and a copy of the proceedings of the meeting may be furnished.
2. The date of forwarding the Annual Report and the Annual Accounts of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislature may also be communicated.
3. Ten copies of the Annual Report for the year 2017-18 may be furnished in due course.

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

Yours Faithfully,

Sd/-

Encl: As above

Senior Deputy Accountant General (ES)



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on Independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 13th November 2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors, company 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 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related audit report:

A. Comments on Profitability:

Revenue from operations (Note No. 21) Rs. 20062.46 Crore

1. The above does not include an amount of Rs. 47.08 crore being the amount of cross subsidy surcharge (Rs. 42.24 crore) and wheeling charges (Rs. 4.84 crore) not levied by the Company upon solar third party consumers who had availed supply from solar generators from November 2016 to March 2018. The Government vide G.O. Rt. No.79, dated 18-12-2017 ordered to reimburse the wheeling charges and cross subsidy charges to the solar generators engaged in third party sale/captive use within the State as per the provisions of erstwhile A.P. Power Policy 2012 and T.S. Solar Power Policy, 2015. Since funds were not disbursed due to the closure of the financial year, the Government issued administrative sanction for an amount of Rs. 35.39 crore vide G.O.R.T No. 40 dated 11.07.2018 towards reimbursement of cross subsidy surcharge, wheeling charges & transmission charges. However, the Company did not account for the claim lodged with the Govt despite issue of administrative sanction. This has resulted in understatement of 'Revenue from Operations' and overstatement of 'Loss' for the year by Rs. 47.08 crore.

Expenses

Power purchase Expense (Note 23) – Rs. 20639.57 Crore

- 2(a) The above does not include an amount of Rs. 54.17 crore towards Fuel Adjustment Charge claimed by M/s Chattisgarh State Power Distribution Company Limited, as part of the Power Purchase Agreement



- entered with them. This has resulted in understatement of Power Purchase expenses as well as loss for the year by Rs. 54.17 crore.
- (b) The above does not include an amount of Rs. 27.53 crore towards cost of power purchased from M/s. Power Grid Corporation of India Limited (PGCIL) for the months January to March 2018. This has resulted in understatement of both 'Power Purchase Expenses' and 'Loss' for the year 2017-18 by Rs. 27.53 Crore.
- (c) The above does not include an amount of Rs. 6.24 crore, representing differential income tax payable by the company to M/s. Nuclear Power Corporation of India Limited (NPCIL) for the year 2017-18 as part of the Power Purchase Agreement. This has resulted in understatement of both 'Power Purchase Expense' and 'Loss' for the year by Rs. 6.24 crore.

Operation and other Expenses (Note 25) – Rs. 305.21 Crore

3. The above does not include an amount of Rs. 105.50 crore being the amount of late payment charges payable to Singareni Thermal Power Plant (STPP) as per power purchase agreement. The STPP adjusted the late payment surcharge from the amount received on power bills as per Clause 6.1.6 of power purchase agreement. However, the company did not provide the same in the books of accounts for the year 2017-18. This has resulted in understatement of 'Operation and other expenses' and 'Loss' for the year by Rs. 105.50 crore.

B. Comments on Financial Position

Equity and liabilities

Non-current liabilities

Long term provisions (Note No.6) – Rs. 1590.37 crore

4. The above is understated by Rs. 4831.02 crore due to short provision of liability towards pension and gratuity of APSEB origin employees (those on rolls and those who retired between 01.02.1999 and 31.03.2018). This has resulted in understatement of Provision for employee benefits by Rs. 4831.02 crore.

The company arrived at 26 percent share of the pension and gratuity liability of APSEB origin employees based on actuarial valuation at Rs. 1771.45 crore. Based on this valuation (26 per cent), audit worked out the remaining portion of liability (74 per cent) at Rs. 5041.82 crore. Against this, the assets available in the master trust was Rs. 210.80 crore. Hence, the amount of short provision towards pension and gratuity liability works out to Rs. 4831.02 crore on estimated basis after deducting the share of assets from the total liability (Rs. 5041.82 crore minus Rs. 210.80 crore). Consequently, the loss is understated by the same amount. In accordance with clause 35 (V) of APSE Employees and Gratuity deed (supplementary) dated 28.06.2014 and read with clause 4(d) and 4 (q) of the tripartite agreement dated 09.09.1997, The company is primarily responsible for meeting the retirement obligation and hence should have recognized 100 per cent of actuarial value as liability.



Current Liabilities

Other Current Liabilities (Note No.9) Rs. 5019.89 crore

5. The above does not include an amount of Rs. 24.79 crore representing salaries paid by AP Power utilities to TS relieved employees for the period from 11.06.2015 to 07.04.2016. As per the Hon'ble High Court of Andhra Pradesh order dated 02.02.2018, payments made by AP state power companies towards the relieved employees shall be reimbursed by Telangana Power companies. Hence, necessary provision should have been made in the accounts which was not done. This has resulted in understatement of both 'Employee benefit expense' and 'Other Current Liabilities' by Rs. 24.79 crore. This has also resulted in understatement of 'Loss' to the same extent.

C. Comments on Disclosure

6. M/s. Andhra Pradesh Power Generation Company Limited (APGENCO) has filed petition (November 2017) before the Hon'ble National Company Law Tribunal for initiating corporate insolvency process against the company. The petition is still pending with the Hon'ble National Company Law Tribunal. However, the fact was not disclosed in the Accounts as required in AS-1 for the information of financial Institution/bankers who can infer information from the Accounts.

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

Sd/-

(REBECCA MATHAI)

Principal Accountant General (Audit)

Place: Hyderabad.

Date: 31.12.2018



PROXY FORM





SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of Andhra Pradesh Ltd)

Form No. MGT -11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :	: U40109TS2000SGC034116
Name of the Company :	: SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
Registered Office :	: 6-1-50, Mint Compound, Hyderabad – 63
Name of the Member(s) :	:
Registered Address :	:
E-Mail Id :	:
Folio. No/Client Id :	:
DP ID :	:

I/We, being the member(s) of Shares of the above named Company, hereby appoint

1. Name :
Address :
E-Mail Id :
Signature :, or failing him
2. Name :
Address :
E-Mail Id :
Signature :, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the of the Company, to be held on the at the Registered office of the company at 6-1-50, Mint Compound, Hyderabad -63 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1.
2.
3.

Affix
Revenue
Stamp

Signed this day of, 20..

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



AVERAGE REALISATION FROM SALE OF POWER



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

Average Realisation from Sale of Power for FY 2017-18

Consumer Category	No. of Consumers (Excluding Bill Stopped)	KWH Sales (MU)	KVAH Sales (MU)	Revenue (Rs.Crs)	% of Units Sold on kvah	Average Realisation (Rs/Unit) kvah	2016-17 Average Realisation (Rs/Unit) (kvah)
L.T. Cat.-I Domestic	5629250	7559.34	7559.34	3,521.93	32.93	4.66	4.40
L.T. Cat.-II Non-Domestic	781019	2378.45	2459.58	2,494.10	10.71	10.14	10.00
L.T.Cat-III Industrial	41896	851.64	925.56	703.84	4.03	7.60	7.50
L.T. Cat-IV Cottage Industries	3913	9.05	9.05	4.10	0.04	4.53	4.39
L.T. Cat-V Agriculture	1066475	11318.48	11318.48	39.55	49.31	0.03	0.04
L.T. Cat-VI Street Lights	71249	609.69	609.69	385.94	2.66	6.33	6.25
L.T. Cat-VII General Purpose	21974	70.56	70.56	53.07	0.31	7.52	7.44
L.T. Cat-VIII Temporary Supply	312	3.33	3.33	5.90	0.01	17.73	19.69
L.T. Total	7616088	22800.54	22955.59	7,208.43	100.00	3.14	3.33
H.T. Cat.I Industrial	4870	8933.73	9096.85	7,144.34	69.65	7.85	7.88
H.T. Cat.II Others	3222	2155.71	2226.18	2,141.45	17.04	9.62	9.44
H.T. Cat.III Aviation	10	67.65	67.90	46.09	0.52	6.79	7.32
H.T. Cat.IV Agricultural	256	1259.95	1289.81	843.83	9.88	6.54	6.37
H.T. Cat.V Railway Traction	8	181.80	183.73	118.91	1.41	6.47	7.01
H.T. Cat.VI Residential	138	145.47	149.39	101.21	1.14	6.78	6.45
H.T. Temp.	140	43.60	47.38	54.22	0.36	11.45	13.72
H.T. Total	8644	12787.91	13061.24	10450.05	100.00	8.00	8.03
L.T. + H.T. Total	7624732	35588.45	36016.83	17,658.48		4.90	5.06
Add: Electricity Duty				142.68			
Gross Revenue				17,801.16			

LT + HT + Customer Charges (Tariff Revenue)