



# Northern Power Distribution Company of Andhra Pradesh Limited

**9**<sup>th</sup>  
Annual Report  
2008 - 2009





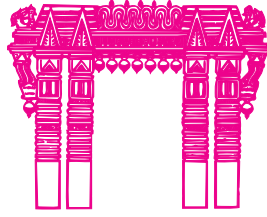


Inauguration of New 33/11 KV Sub-Station at Nakkalagutta, Hanamkonda.  
on 28<sup>th</sup> October 2009 by Sri Ch. Narasimha Reddy CMD, APNPDCL



JICA team from Japan visited Sub-Station, Balasamudram, Hanamkonda  
on 7<sup>th</sup> October 2009





### GENERAL INFORMATION

|   |   |   |
|---|---|---|
| Registered Office &<br>Corporate Office | : | H.No.1-1-478, Chaitanyapuri,<br>Hanamkonda, Warangal – 506 004.<br>Andhra Pradesh, INDIA.<br>Ph.No.(0870) 2461501. Fax No.2461519.<br>website: <a href="http://www.apnpdcl.in">www.apnpdcl.in</a> |
| Auditors                                | : | M/s B.V. RAO & Co., Chartered Accountants   |
| Zonal Office                            | : | Warangal<br>Nizamabad   |
| Circle Office                           | : | Warangal.<br>Karimnagar<br>Khammam<br>Nizamabad<br>Adilabad   |
| Company Secretary                       | : | K. Venkatesham  |

**BOARD OF DIRECTORS**  
(AS ON 29-09-2009)



**Sri Ch. Narasimha Reddy**  
Chairman & Managing Director



**Sri Umesh Sharraf I.P.S.**  
Non-whole time Director



**Sri K. Rajeswara Rao**  
Director (Operation)



**Sri T. Chandra Sekhar**  
Director (Project)



**Sri P. Srirama Rao**  
Non-whole time Director



**Sri C.S. Sundara Murthy**  
Director (Finance)



**Sri B. Venkateswar Rao**  
Director (HRD)



## VISION, MISSION AND OBJECTIVES

### VISION

APNPDCL shall become one of the best Power Distribution Utility in the Country, with high customer focus, financial strength and operational efficiency

### MISSION

Provide safe, reliable, uninterrupted and quality power to all its customers at a competitive cost and a reasonable return to all its stakeholders duly following sound commercial practices and business ethics

### OBJECTIVES

In pursuance of the above *Vision* and *Mission*, the corporate objectives of APNPDCL are:

- ◆ to modernize and strengthen the distribution network so as to provide reliable, uninterrupted and quality power;
- ◆ to develop a customer savvy organization which quickly responds to the needs of customers and redresses their grievances in the shortest possible time;
- ◆ to achieve financial viability and strength through prudent financial management practices;
- ◆ to achieve high operational efficiency and safety;
- ◆ to promote a performance driven culture in the organization;
- ◆ to create a culture of accountability and commitment among the employees to achieve excellence;
- ◆ to enhance the skills of employees and buildup team spirit through tailor made continuous training programmes;
- ◆ to expand the distribution system and business optimally and diversify into other related areas for business growth;
- ◆ to adopt the best project evaluation and management techniques to get optimal returns on investments ; and
- ◆ to be socially responsible and environment friendly power business organization with the best Corporate Governance Practices.



### FINANCIAL HIGHLIGHTS OF THE YEAR

- Revenue from sale of power increased to Rs.1592.54 crores during the F.Y. 2008-09, compared to Rs.1488.95 crores in the previous year, a growth of 6.96%.
- Collection efficiency during the year 2008-09 increased to 100.54% compared to 100.31% in the previous year (2007-08).
- Company has reported profit before tax of Rs.8.12 crores during F.Y. 2008-09, as against Rs.7.99 crores in the previous year.
- Gross block of fixed assets increased to Rs.2353.62 crores during the F.Y. 2008-09 compared to Rs.1916.01 crores in the previous year, a growth of 23%.
- Net capitalization during the F.Y. 2008-09 is Rs.437.61 crores, compared to Rs.159.11 crores in the previous year 2007-08, the highest ever so far.
- Net-worth of the company increased to Rs. 263.71 crores as on 31.03.2009 compared to Rs. 257.27 crores in the previous year.



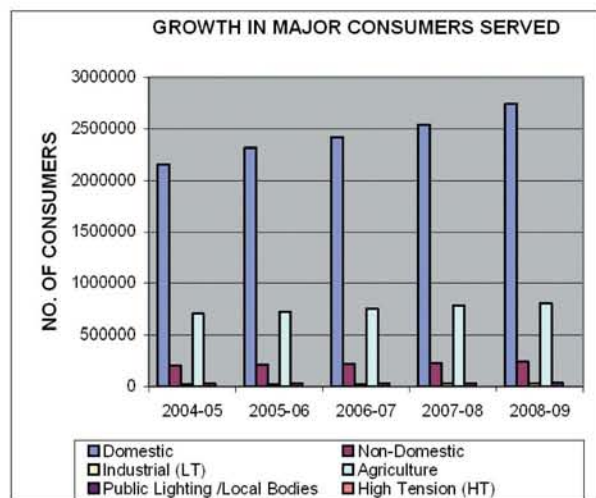
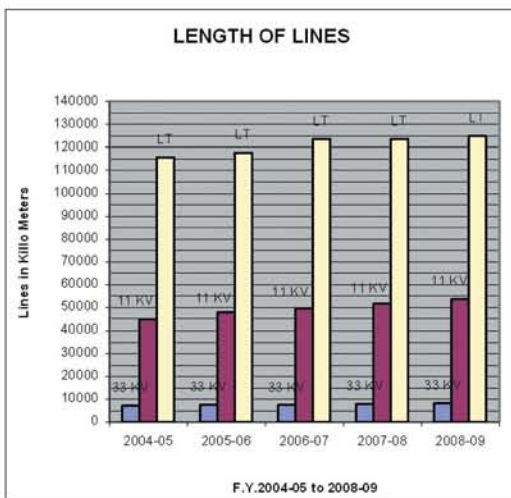
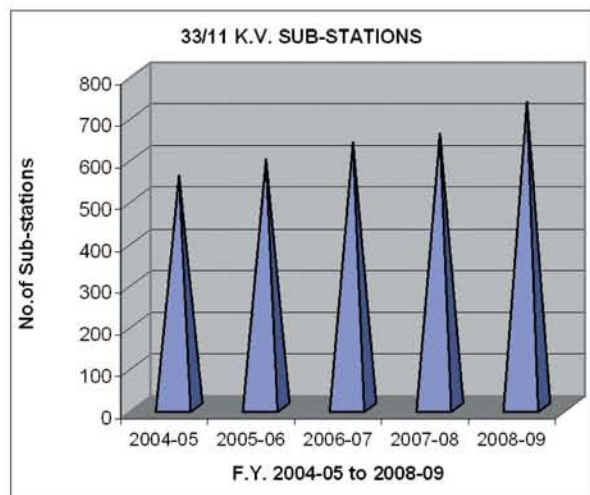
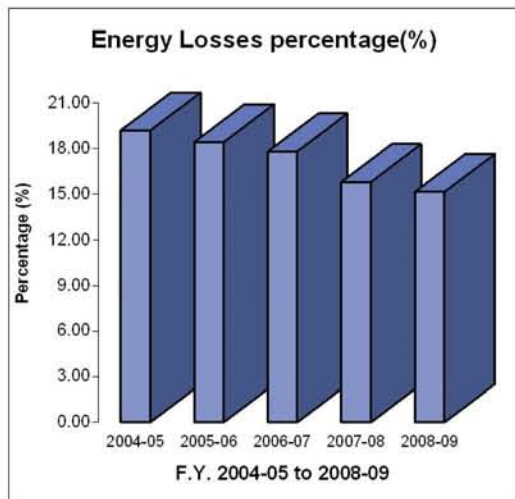
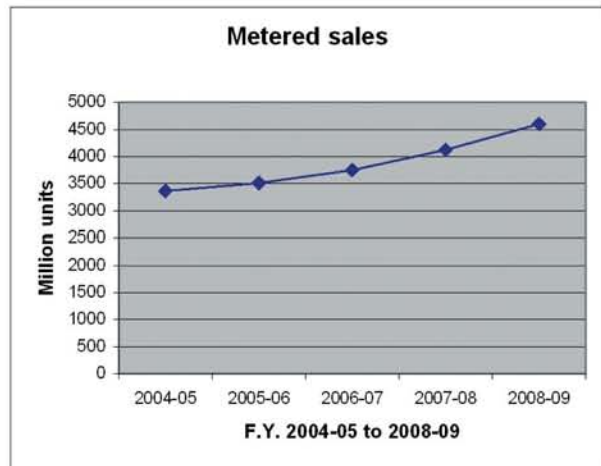
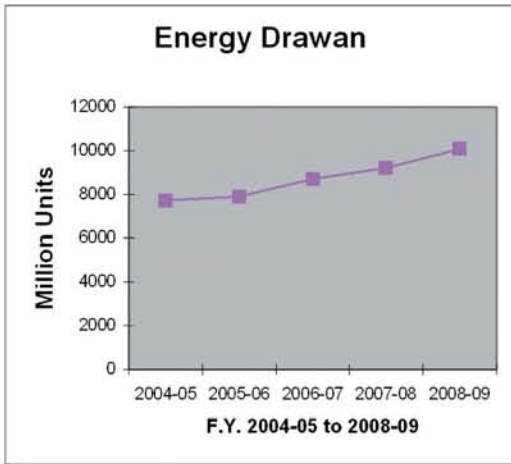
### OPERATIONAL HIGHLIGHTS OF THE YEAR

- Energy input in the licensed area during the F.Y. 2008-09 is 10069.55 million units, as against 9203.19 million units in the previous year, an increase of 8.33%.
- Metered sales in the licensed area during the F.Y. 2008-09 is 4601.71 million units as against 4126.04 million units in the previous year, a growth of 11.78%.
- Percentage of metered sales to input increased to 45.70% in the F.Y. 2008-09, as against 44.83% in the previous year.
- Energy losses in the licensed area are 1524.87 million units in the F.Y. 2008-09 compared to 1455.01 million units in the previous year.
- Energy losses percentage (%) (including EHT sales) in the licensed area during the F.Y. 2008-09 are 15.14% compared to 15.81% in the previous year. Energy losses excluding EHT sales are 17.28% in the F.Y. 2008-09 compared to 17.96% in the previous year.
- Maximum demand recorded during the F.Y. 2008- 09, 1754 M.W. (30-09-2008) compared to 1685 M.W. in the previous year.
- Maximum consumption recorded is 35.87 M.U. (07-03-2009), compared to 33.03 M.U. in the previous year, is the highest-ever so-far.



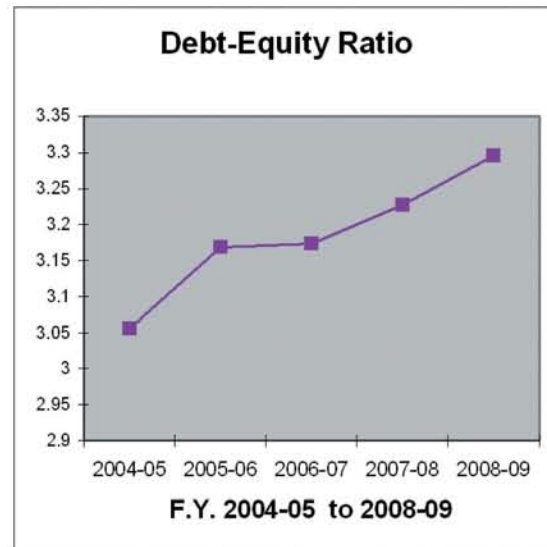
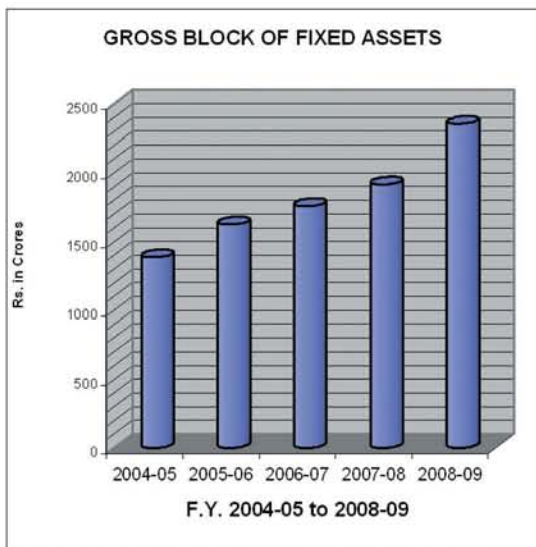
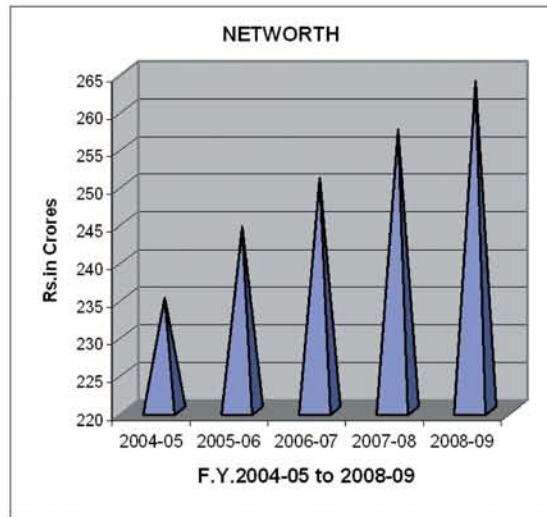
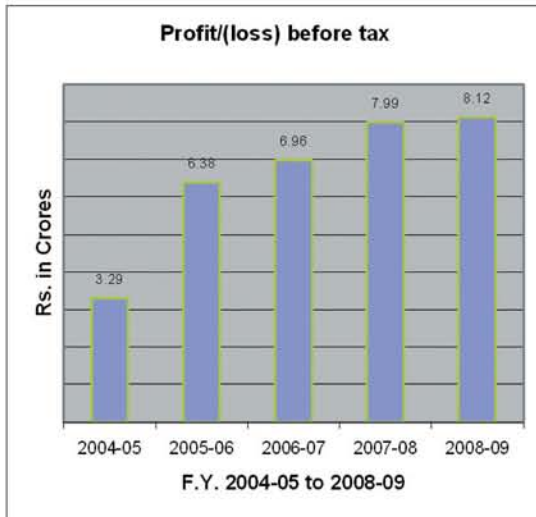
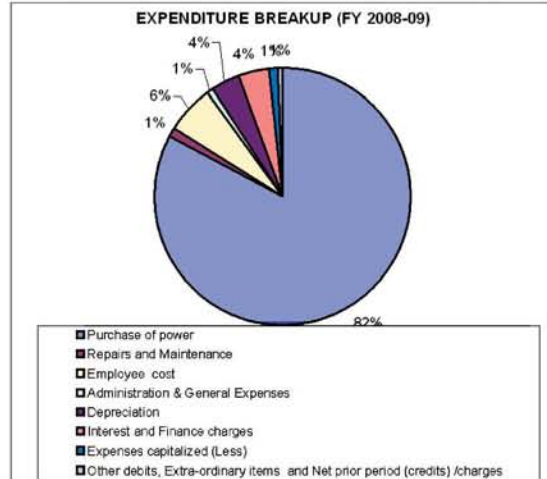
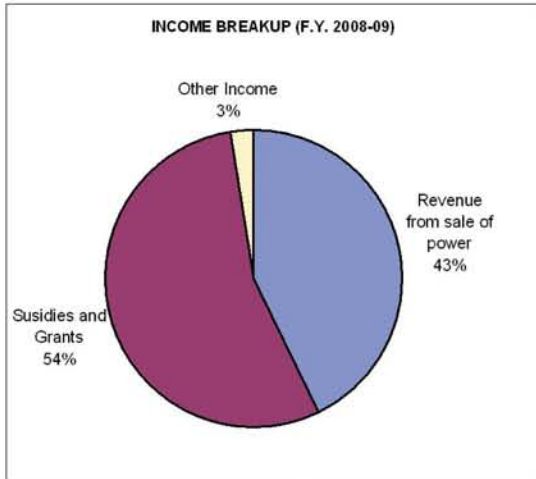
### INFRASTRUCTURE IMPROVEMENT DURING THE YEAR

- Company has commissioned 76 no's new 33/11 K.V. sub-stations in the licensed area during the F.Y. 2008-09 to improve voltage profile and to meet future load growth, total sub-stations increased to 732 no's.
- Company has laid 3885.72 k.m. additional line of various voltages in the licensed area during the F.Y.2008-09, total length of lines increased to 186907 K.M.
- Company has erected 10406 no's additional distribution transformers (D.T.R.'s.) during the F.Y. 2008-09, total strength of distribution transformers (D.T.R.'s.) increased to 127290 no.s.
- Company has released 248,432 no.s new services in various categories during the year 2008-09, total registered consumers increased to 38,78,399 no.s as on 31.03.2009.
- Company has started high value spot billing in Warangal, Adilabad and Nizamabad circles in respect of H.T. consumers.





| Selected Statistical Information of APNPDCL              |   |       |          |         |         |         |         |         |         |         |
|--|---|-------|----------|---------|---------|---------|---------|---------|---------|---------|
| S.No.  | Particulars                                       | Unit  | 2008-09  | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
| 1  | Energy Drawn                                      | MU    | 10069.55 | 9203.19 | 8702.67 | 7888.68 | 7716.84 | 7561.62 | 7496.15 | 7619.74 |
| 2  | Metered Sales                                     | MU    | 4601.71  | 4126.04 | 3752.95 | 3510.96 | 3367.29 | 3247.34 | 3053.30 | 2965.65 |
| 3  | % Metered Sales (2÷1*100)                         | %     | 45.70    | 44.83   | 43.12   | 44.51   | 43.64   | 42.95   | 40.73   | 38.92   |
| 4  | Agricultural Consumption                          | MU    | 3942.97  | 3622.14 | 3399.23 | 2923.47 | 2867.86 | 2783.54 | 2851.00 | 2878.86 |
| 5  | % Agricultural Consumption (4÷1*100)              | %     | 39.16    | 39.36   | 39.06   | 37.06   | 37.16   | 36.81   | 38.03   | 37.78   |
| 6  | Total Energy Sales(2+4)                           | MU    | 8544.68  | 7748.18 | 7152.18 | 6434.43 | 6235.15 | 6030.88 | 5904.30 | 5844.51 |
| 7  | % Total Energy Sales(6÷1*100)                     | %     | 84.86    | 84.19   | 82.18   | 81.57   | 80.80   | 79.76   | 78.76   | 76.70   |
| 8  | EHT Sales   | MU    | 1245.00  | 1100.37 | 984.62  | 925.27  | 952.20  | 944.71  | 932.12  | 977.54  |
| 9  | Energy Losses                                     | MU    | 1524.87  | 1455.01 | 1550.49 | 1454.25 | 1481.69 | 1530.74 | 1591.85 | 1775.23 |
| 10   | % Energy Losses(including EHT Sales (9÷1*100)     | %     | 15.14    | 15.81   | 17.82   | 18.43   | 19.20   | 20.24   | 21.24   | 23.30   |
| 11   | % Energy Losses(Excluding EHT Sales) (9÷(1-8)*100 | %     | 17.28    | 17.96   | 20.09   | 20.88   | 21.90   | 23.13   | 24.25   | 26.73   |
| 12   | Maximum Demand during the year                    | MW    | 1754.00  | 1685.00 | 1747.00 | 1536.00 | 1428.75 | 1406.14 | 1443.07 | 1465.79 |
| 13   | Maximum Consumption on a day during the year      | MU    | 35.87    | 33.30   | 30.64   | 26.91   | 27.71   | 28.96   | 27.54   | 28.04   |
| <b>Length of Lines</b>                                   |   |       |          |         |         |         |         |         |         |         |
| 14   | 33 KV   | KM    | 8274     | 7925    | 7445    | 7534    | 7292    | 7038    | 6798    | 6505    |
| 15   | 11 KV   | "     | 53765    | 51540   | 49545   | 47780   | 44847   | 41920   | 40081   | 37587   |
| 16   | LT  | "     | 124868   | 123556  | 123643  | 117896  | 115868  | 115628  | 112209  | 110584  |
| 17   | TOTAL (14+15+16)                                  | "     | 186907   | 183021  | 180633  | 173210  | 168007  | 164586  | 159087  | 154676  |
| 18   | 33/11 KV Sub-Stations                             | No.'s | 732      | 656     | 634     | 594     | 555     | 516     | 483     | 461     |
| 19   | Distribution Transformers                         | No's  | 127290   | 116884  | 108638  | 102177  | 86842   | 66674   | 53913   | 50124   |
| <b>Electrification (Towns, Villages, Hamlets ..etc.)</b> |   |       |          |         |         |         |         |         |         |         |
| 20   | Towns   | No's  | 32       | 32      | 35      | 35      | 35      | 35      | 35      | 35      |
| 21   | Villages  | "     | 5612     | 5612    | 5611    | 5611    | 5611    | 5611    | 5601    | 5585    |
| 22   | Hamlets & Tribal Habitations                      | "     | 6293     | 5573    | 7229    | 6856    | 6506    | 5845    | 4992    | 4753    |
| 23   | Dalit Wadas                                       | "     | 8704     | 8631    | 8585    | 8463    | 7992    | 7695    | 6820    | 6366    |
| 24   | Weaker Section Colonies                           | "     | 4489     | 4432    | 4251    | 4251    | 4133    | 4015    | 3927    | 3498    |
| 25   | Total (21+22+23+24+25)                            |       | 25130    | 24280   | 25711   | 25216   | 24277   | 23201   | 21375   | 20237   |
| <b>Consumers Served</b>                                  |   |       |          |         |         |         |         |         |         |         |
| 26   | Domestic  | No's  | 2745650  | 2542579 | 2420935 | 2320087 | 2162398 | 2160619 | 2103671 | 2039837 |
| 27   | Non-Domestic                                      | "     | 244339   | 229788  | 222512  | 215698  | 202110  | 191625  | 176455  | 160969  |
| 28   | Industrial (LT)                                   | "     | 27049    | 26888   | 25192   | 24782   | 23922   | 23099   | 22429   | 22371   |
| 29   | Cottage Industries                                | "     | 4334     | 3363    | 3282    | 3235    | 2987    | 2808    | 2996    | 2886    |
| 30   | Agriculture                                       | "     | 806734   | 782919  | 753271  | 726750  | 703219  | 690474  | 673822  | 643030  |
| 31   | Public Lighting /Local Bodies                     | "     | 36197    | 31823   | 30851   | 30132   | 27519   | 25805   | 18927   | 12920   |
| 32   | General Purpose                                   | "     | 13176    | 11835   | 11543   | 11125   | 9919    | 9606    | 8636    | 8988    |
| 33   | Temporary   | "     | 9        | 14      | 34      | 22      | 20      | 37      | 21      | 11      |
| 34   | LT Total (27 to 34)                               | "     | 3877488  | 3629209 | 3467620 | 3331831 | 3132094 | 3104073 | 3006957 | 2891012 |
| 35   | High Tension (HT)                                 | "     | 911      | 758     | 627     | 537     | 467     | 431     | 422     | 343     |
| 36   | Total (35+36)                                     |       | 3878399  | 3629967 | 3468247 | 3332368 | 3132561 | 3104504 | 3007379 | 2891355 |





| Selected Financial Information of APNPDCL |  |         |         |         |         |         |         |                |         |
|---|--|---------|---------|---------|---------|---------|---------|----------------|---------|
| S.No.                                     | Particulars  | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03        | 2001-02 |
|   |  |         |         |         |         |         |         | Amount Rs.Cr.A |         |
|   | <b>Income</b>  |         |         |         |         |         |         |                |         |
| 1   | Revenue from sale of power (Net)   | 1592.54 | 1488.95 | 1264.55 | 1205.56 | 1207.81 | 1157.91 | 1182.03        | 925.67  |
| 2   | Susidies and Grants  | 2040.00 | 1078.95 | 838.88  | 639.31  | 310.54  | 306.57  | 353.41         | 546.63  |
| 3   | Other Income   | 94.67   | 120.14  | 193.15  | 75.13   | 91.79   | 75.45   | 53.77          | 54.61   |
| 4   | Total(1+2+3)   | 3727.21 | 2688.04 | 2296.58 | 1920.00 | 1610.14 | 1539.93 | 1589.21        | 1526.91 |
| B   | <b>Paid &amp; Provided for</b>   |         |         |         |         |         |         |                |         |
| 5   | Purchase of power  | 3157.09 | 2162.36 | 1833.85 | 1542.69 | 1261.21 | 1206.50 | 1339.26        | 1315.48 |
| 6   | Repairs and Maintenance  | 36.83   | 33.59   | 29.31   | 29.34   | 24.24   | 23.32   | 31.42          | 33.62   |
| 7   | Employee cost  | 230.67  | 186.18  | 200.31  | 136.88  | 174.84  | 130.90  | 131.92         | 101.17  |
| 8   | Administration & General Expenses  | 36.49   | 31.62   | 31.73   | 27.80   | 30.68   | 33.63   | 37.55          | 33.74   |
| 9   | Depreciation   | 136.69  | 120.48  | 109.60  | 93.66   | 76.14   | 63.19   | 54.75          | 48.19   |
| 10  | Interest and Finance charges   | 144.96  | 93.09   | 97.48   | 108.02  | 86.89   | 95.91   | 74.60          | 55.40   |
| 11  | Expenses capitalized (Less)  | (44.41) | (37.09) | (40.49) | (39.08) | (45.89) | (31.55) | (31.27)        | (15.70) |
| 12  | Other debits, Extra-ordinary items and Net prior period (credits) /charges | 20.77   | 89.82   | 27.83   | 14.31   | (1.26)  | 15.71   | 9.52           | 11.48   |
| 13  | Total Expenditure (5+6+7+8+9+10-11+12)                                     | 3719.09 | 2680.05 | 2289.62 | 1913.62 | 1606.85 | 1537.61 | 1647.75        | 1583.38 |
| 14  | Profit/ (-Loss) before Tax(4-13)   | 8.12    | 7.99    | 6.96    | 6.38    | 3.29    | 2.32    | (58.54)        | (56.47) |
| 15  | Provisional for tax  | 1.67    | 1.46    | 1.38    | 1.05    | 0.00    | 0.00    | 0.00           | 0.00    |
| 16  | Profit/(-Loss) after Tax(14-15)  | 6.45    | 6.53    | 5.58    | 5.33    | 3.29    | 2.32    | (58.54)        | (56.47) |
| 17  | Net prior period credit/ (charge)  | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 1.37    | 57.86          | 5.39    |
| 18  | Surplus/(Deficit)(16-17)   | 6.45    | 6.53    | 5.58    | 5.33    | 3.29    | 0.95    | (0.68)         | (51.08) |
| C   | <b>What is Owned</b>   |         |         |         |         |         |         |                |         |
| 19  | Gross Fixed Assets   | 2353.62 | 1916.01 | 1756.90 | 1623.87 | 1384.38 | 1197.64 | 1004.10        | 888.10  |
| 20  | Less: Depreciation   | 1053.95 | 918.18  | 798.42  | 689.26  | 595.64  | 519.51  | 456.34         | 401.65  |
| 21  | Net Fixed Assets(19-20)  | 1299.67 | 997.83  | 958.48  | 934.61  | 788.74  | 678.13  | 547.76         | 486.45  |
| 22  | Capital expensiture in progress  | 322.72  | 462.70  | 398.55  | 298.61  | 308.80  | 196.88  | 190.21         | 99.73   |
| 23  | Intangible assets  | 0.41    | 0.59    | 0.78    | 0.00    | 0.00    | 0.08    | 0.16           | 0.24    |
| 24  | Investments  | 19.15   | 13.31   | 28.88   | 27.88   | 34.38   | 27.99   | 0.46           | 11.47   |
| 25  | Current Assets   | 2036.25 | 1118.36 | 1426.03 | 843.78  | 740.65  | 681.70  | 539.48         | 479.06  |
| 26  | Current Liabilities  | 1432.59 | 1017.18 | 1463.13 | 831.71  | 716.50  | 589.31  | 443.02         | 353.07  |
| 27  | Net Current assets (25-26)   | 603.66  | 101.18  | (37.10) | 12.07   | 24.15   | 92.39   | 96.46          | 125.99  |
| 28  | Total Net Assets(21+22+23+24+27)   | 2245.61 | 1575.61 | 1349.59 | 1273.17 | 1156.07 | 995.47  | 835.05         | 723.88  |
| D   | <b>What is Owed</b>  |         |         |         |         |         |         |                |         |
| 29  | Working capital borrowings   | 787.00  | 215.00  | 58.01   | 0.00    | 0.00    | 0.00    | 0.00           | 0.00    |
| 30  | Long term loans Loans  | 869.18  | 830.21  | 796.12  | 774.19  | 717.94  | 625.91  | 526.72         | 419.63  |
| 31  | Payment due on Capital liabilities   | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | (12.72)        | (10.53) |
| 32  | Total Liabilities(29+30+31)  | 1656.18 | 1045.21 | 854.13  | 774.19  | 717.94  | 625.91  | 514.00         | 409.10  |
| 33  | Contiribution, Grants and Subsidies  | 325.72  | 273.13  | 244.60  | 254.66  | 203.18  | 156.31  | 111.80         | 78.26   |
| E   | <b>Net Worth</b>   |         |         |         |         |         |         |                |         |
| 34  | Share Capital  | 274.76  | 274.76  | 274.76  | 274.76  | 274.76  | 256.01  | 256.01         | 256.01  |
| 35  | Reserves and Reserve funds   | 14.87   | 13.71   | 12.70   | 11.75   | 7.71    | 8.06    | 5.01           | 31.60   |
| 36  | Surplus /Deficit   | (25.92) | (31.20) | (36.60) | (42.19) | (47.52) | (50.82) | (51.77)        | (51.09) |
| 37  | Total(34+35+36)  | 263.71  | 257.27  | 250.86  | 244.32  | 234.95  | 213.25  | 209.25         | 236.52  |
| F   | <b>Capital Employed (30+33+37)</b>   | 1458.61 | 1360.61 | 1291.58 | 1273.17 | 1156.07 | 995.47  | 847.77         | 734.41  |
| G   | <b>Ratios</b>  |         |         |         |         |         |         |                |         |
| 39  | Return on equity (%) (18÷34*100)   | 2.35    | 2.38    | 2.03    | 1.94    | 1.20    | 0.37    | (0.27)         | (19.95) |
| 40  | Return on Net worth(%) (18÷37*100)   | 2.45    | 2.54    | 2.22    | 2.18    | 1.40    | 0.45    | (0.32)         | (21.60) |
| 41  | Return on capital employed(%) (18+Interest÷38*100)                         | 5.84    | 6.26    | 6.00    | 5.89    | 5.97    | 6.93    | 6.93           | (0.93)  |
| 42  | Earning per share  | 0.23    | 0.24    | 0.20    | 0.19    | 0.12    | 0.04    | 0.00           | 0.00    |
| 43  | Debt to equity(30÷37)  | 3.30    | 3.23    | 3.17    | 3.17    | 3.06    | 2.94    | 2.52           | 1.77    |

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## **NOTICE**

Notice is hereby given that the Ninth (9<sup>th</sup>) Annual General Meeting of the members of Northern Power Distribution Company of Andhra Pradesh Limited will be held on **Tuesday, September 29, 2009 at 4.30 p.m.** at the Registered Office of the Company at H.No.1-1-478, Chaitanyapuri, Hanamkonda, Warangal – 506004 to transact the following business.

### **Ordinary business**

1. To receive, consider and adopt the audited Balance sheet as at March 31, 2009 and Revenue Account for the financial year ended on that date and the Report of Board of Directors, the Auditors report and Comments of the Comptroller and Auditor General of India thereon.
2. To take note of appointment of Statutory Auditors by the Comptroller & Auditor General of India for the Financial Year 2009-10 and to authorize the Board to fix the remuneration.

“Resolved that appointment of M/s Rao & Kumar, Chartered Accountants, as the statutory auditors of the company for the financial year 2009-10 is noted.

Further resolved that pursuant to the provision of Section 224(8) (aa) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorized to fix the remuneration and reimbursement of actual expenses to the statutory auditors for the Financial Year 2009-10.”

**Special Business**

3. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:

**“RESOLVED THAT** in modification of the resolution passed at the 5<sup>th</sup> Extra-Ordinary General Meeting of the members of the Company held on 16<sup>th</sup> April, 2005 limiting the total amount of borrowings to Rs.1,500 crores, it is hereby approved that, pursuant to the provisions contained in the Memorandum and Articles of Association of the Company, the Board of Directors of the Company, be and are hereby authorized under Section 293(1) (d) of the Companies Act, 1956, to borrow any sum or sums of money, from time to time, on such terms and conditions as it may consider fit, notwithstanding that the money or moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business), will exceed the aggregate of paid-up-capital, plus free reserves (that is to say, reserves not set apart for any specific purposes), provided, however, that the total amount of money or moneys, so borrowed at any time shall not exceed the sum of Rs.2,000 crores (Rupees Two Thousand Crores only).

**FURTHER RESOLVED THAT** the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies within the time stipulated under the Companies Act, 1956 and to take all necessary steps to give effect to the above resolution.”

4. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:

**“RESOLVED THAT** in modification of the resolution passed at the 5<sup>th</sup> Extra-Ordinary General Meeting of the members of the Company held on 16<sup>th</sup> April, 2005, it is hereby approved that, the Board of Directors of the Company be and are hereby authorized, pursuant to the provisions of Section 293 (1) (a) of the Companies Act, 1956 and other applicable provisions, if any, read with Memorandum and Articles of Association of the Company, to mortgage/hypothecate and/ or create charge, on all immovable and/or movable properties, either existing and/or future, in favour of Rural Electrification Corporation Limited (‘REC’)/ Power Finance Corporation Limited(PFC)/ Financial Institutions /Banks /Trustees of debenture holders/ bond holders/ lenders, for an aggregate amount not exceeding the sum of Rs.2,000 crores (Rupees Two Thousand Crores only), as per the terms and conditions contained in the said sanction letter/ agreement/ indenture, to secure due repayment of loan, debentures, bonds and all other types of loans, availed /to be availed, along with interest, costs, expenses, and other charges thereon.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and are hereby authorized to finalize the terms and conditions for creating aforesaid mortgage/hypothecation or charge and to do all acts, things as may be necessary for giving effect to this resolution.

**FURTHER RESOLVED THAT** the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies within the time stipulated under the Companies Act, 1956 and to take all necessary steps to give effect to the above resolution.”

Registered Office : BY ORDER OF THE BOARD OF DIRECTORS  
H.No.1-1-478, for Northern Power Distribution Company of Andhra Pradesh Ltd.  
Chaitanyapuri,  
Hanmakonda, Sd/-  
Warangal – 506 004. ( K.VENKATESHAM)  
COMPANY SECRETARY

Warangal.  
September 24, 2009

**NOTE:**

1. An Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act 1956 is annexed hereto.
2. 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. Under the Companies Act, 1956 voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy as per the provisions of the Act. A proxy shall not vote except on a poll.
3. Proxy form is enclosed. Instrument appointing proxy shall be deposited at the registered office of the Company by not less than 48 hours before commencement of the meeting.
4. **Comments of the Comptroller and Auditor General of India (C&AG) on Annual Accounts for the financial year 2008-09 are not yet received and will be placed before the members at AGM.**

**Explanatory statement under Section 173(2) of the Companies Act, 1956:-**

**Item No.3:**

Pursuant to the resolution passed by the members at the 5<sup>th</sup> Extra-Ordinary General Meeting held on 16<sup>th</sup> April, 2005 under Section 293(1) (d) of the Companies Act, 1956, the Board of Directors are authorized to borrow loans upto an amount of Rs.1500.00 crores.

In order to meet the increased long term fund requirements and for financing the present and future projects of the Company, it is proposed to enhance the borrowing limits from Rs.1500.00 crores to Rs.2000.00 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business).

Pursuant to the provisions Articles of Associations of the Company and in terms of the provisions of Section 293(1) (d) of the Companies Act, 1956 above item require approval of the members in general meeting.

None of the Directors of the Company are interested or concerned in the resolution. The Board recommends the resolution set forth in Item no.3 for the approval of the members.

**Item No.4**

Pursuant to the resolution passed by the members at the 5<sup>th</sup> Extra-Ordinary General Meeting held on 16<sup>th</sup> April, 2005 under Section 293(1) (a) of the Companies Act, 1956, the Board of Directors are authorized to mortgage/hypothecate and/ or create charge on its immovable / movable properties, either existing/ future, upto an amount not exceeding Rs.1500.00 Crores.

In order to meet the increased long term fund requirements and for financing the present and future projects of the Company, the Board of Directors are required to borrow funds from time to time, for which it is necessary to mortgage/hypothecate and/ or create charge on its immovable / movable properties, either existing/ future. Hence, it is proposed to enhance the limit from Rs.1500.00 crores to Rs.2000.00 Crores.

Pursuant to the provisions of Articles of Associations of the Company and in terms of the provisions of Section 293(1) (a) of the Companies Act, 1956 above item require approval of the members in general meeting.

None of the Directors of the Company are interested or concerned in the resolution. The Board recommends the resolution set forth in Item no.4 for the approval of the members.

Registered Office :

H.No.1-1-478,

Chaitanyapuri,

Hanmakonda,

Warangal – 506 004.

BY ORDER OF THE BOARD OF DIRECTORS

for Northern Power Distribution Company of Andhra Pradesh Ltd.

Sd/-

( K.VENKATESHAM)

COMPANY SECRETARY

Warangal.

September 24, 2009

## DIRECTORS' REPORT

To  
The Members,  
Northern Power Distribution Company of Andhra Pradesh Limited,

The Directors' are pleased to present ninth (9<sup>th</sup>) annual report on the business and operations of Northern Power Distribution Company of Andhra Pradesh Ltd., for the financial year ended on March 31, 2009 along with audited statement of accounts and auditors' report.

### 02. Financial performance:

(Amount in Rs. crores)

| Particulars                              | 2008-09        | 2007-08*       | Change (%)    |
|--|----------------|----------------|---------------|
| <b>Income:</b>                           |                |                |               |
| Revenue from sale of power (net)         | 1592.54        | 1488.95        | 6.96          |
| Subsidies and grants                     | 2040.00        | 1078.95        | 89.07         |
| Other income                             | 94.67          | 120.13         | (21.20)       |
| <b>Total</b>                             | <b>3727.21</b> | <b>2688.03</b> | <b>38.66</b>  |
| <b>Expenditure:</b>                      |                |                |               |
| Power purchase cost                      | 3157.09        | 2162.36        | 46.00         |
| Repairs & maintenance                    | 36.83          | 33.59          | 9.63          |
| Employee costs                           | 230.67         | 186.18         | 23.90         |
| Administration and general expenses      | 36.49          | 31.62          | 15.41         |
| Depreciation and related expenses        | 136.69         | 120.48         | 13.46         |
| Interest land finance charges            | 144.96         | 93.09          | 55.72         |
| Expenses capitalized (less)              | (44.41)        | (37.09)        | 19.72         |
| Other debits, Extra –ordinary items, /   | 20.78          | 89.82          | (76.87)       |
| Net Prior period (Credits/charges)       |                |                |               |
| <b>Total expenditure</b>                 | <b>3719.09</b> | <b>2680.05</b> | <b>38.77</b>  |
| <b>Profit before tax</b>                 | <b>8.12</b>    | <b>7.99</b>    | <b>1.58</b>   |
| Provision for taxes                      | 1.67           | 1.46           | 14.35         |
| <b>Surplus/(deficit)</b>                 | <b>6.45</b>    | <b>6.53</b>    | <b>(1.27)</b> |
| Appropriation to contingency reserve     | 1.16           | 1.13           |               |
| Balance carried forward to balance sheet | 5.29           | 5.40           |               |

(\*Previous year figures are regrouped and rearranged wherever necessary)

Company has recorded an impressive financial performance during the F.Y. 2008-09. Company has reported profit before tax of Rs.8.12 crores during the F.Y. 2008-09 as against Rs.7.99 crores in the previous year 2007-08. Provision for tax during the F.Y. 2008-09 is Rs.1.69 crores compared to Rs.1.46 crores in the previous year. Surplus for the year 2008-09 is Rs.6.45 crores compared to Rs.6.53 crores in the previous year. Company appropriated an amount of Rs.1.16 crores during the year 2008-09 towards contingency reserve fund.

Gross block of fixed assets during the year 2008-09 increased to Rs.2353.62 crores compared to Rs.1916.01 crores in the previous year, a net increase of Rs.437.61 crores (23%) due to appropriate steps taken for closure of pending work orders, compared to Rs.159.11 crores in the previous year 2007-08. Capital work in progress during the year 2008-09 decreased to Rs.322.72 crores compared to Rs.462.70 crores in the previous year.

Borrowing for working capital increased to Rs.787.00 crores during the year 2008-09 compared to Rs.215.00 crores in the previous year 2007-08 due to short term loans availed for additional power purchase cost. Long term loans increased to Rs. 869.18 crores during the year 2008-09 compared to Rs.830.21 crores in the previous year. Contributions/grants/subsidies for capital increased to Rs.325.72 crores in the F.Y. 2008-09 compared to Rs.273.13 crores in the previous year. Reserves of the company increased to Rs.14.86 crores during the F.Y. 2008-09 compared to Rs.13.70 crores in the previous year. Authorized share capital and paid up share capital stood at Rs.275.00 crores and Rs.274.76 crores respectively. Earning per share during the F.Y. 2008-09 is Rs. 0.23 paisa compared to Rs.0.24 paisa in the previous year.

**03. Operational performance:**

Energy input in the licensed area during the F.Y. 2008-09 is 10069.55 million units, as against 9203.19 million units in the previous year, an increase of 8.33%. Metered sales in the licensed area during the F.Y. 2008-09 is 4601.71 million units as against 4126.04 million units in the previous year, a growth of 11.78%. Percentage of metered sales to input increased to 45.70% in the fy2008-09, as against 44.83% in the previous year. Agricultural consumption during the F.Y. 2008-09 was 3942.97 million units as against 3622.14 million units in the previous year. Energy losses in the licensed area are 1524.87 million units in the F.Y. 2008-09 compared to 1455.01 million units in the previous year. Energy losses percentage (%) (including EHT sales) in the licensed area during the F.Y. 2008-09 are 15.14% compared to 15.81% in the previous year. Energy losses excluding EHT sales are 17.28% in the F.Y. 2008-09 compared to 17.96% in the previous year. Maximum demand recorded during the F.Y. 2008- 09, 1754 M.W. (30-09-2008) compared to 1685 M.W. in the previous year and maximum consumption recorded is 35.87 M.U. (07-03-2009), compared to 33.03 M.U. in the previous year, is the highest-ever so-far. Company has taken following initiatives to improve the performance of the company during the F.Y. 2008-09.

- Company has installed 137591 no,s high quality meters for single phase and three phase services in place of old electro magnetic meters to improve metered sales.
- Collection efficiency during the year 2008-09 increased to 100.54% compared to 100.31% in the previous year (2007-08).

**04. Improvement in infrastructure:**

Company continued its efforts in improving and strengthening distribution system. Company had taken steps for progressing of various ongoing schemes for improvement of infrastructure. As a result company has commissioned 76 no's new 33/11 K.V. sub-stations to improve voltage profile and to meet future load growth, laid 3885.72 k.m. additional line of various voltages, erected 10406 no's additional distribution transformers (D.T.R.'s.) during the year;

| S. No. | Particulars   | 2008-09 |  | 2007-08 |  |
|--------|---|---------|--|---------|--|
| 1      | 33/11 K.V. sub-stations   | 732     |  | 656     |  |
| 2      | length of lines   | 186907  |  | 183021  |  |
|        | 33 K.V. line  | 8274    |  | 7925    |  |
|        | 11 K.V. line  | 53765   |  | 51540   |  |
|        | L.T. line   | 124868  |  | 123556  |  |
| 3      | Distribution transformers   | 127290  |  | 116884  |  |
| 4      | Electrification of towns, villages, hamlets, dalitwadas, weaker section colonies. | 25130   |  | 24280   |  |
|        | towns   | 32      |  | 32      |  |
|        | villages  | 5612    |  | 5612    |  |
|        | hamlets & tribal habitations  | 6293    |  | 5573    |  |
|        | dalitwadas  | 8704    |  | 8631    |  |
|        | weaker section colonies   | 4489    |  | 4432    |  |

**05. New projects & schemes sanctioned during the year:**

**a. Special plan for agricultural pump sets energisation (SPA :PE):** The scheme envisages release of agricultural pump sets with providing of necessary infrastructure to the consumers. In the year 2008-09 company has formulated three (3) nos. schemes for Khammam, Bhadrachalam and Kothagudem divisions for 2600 no. pump-sets with an outlay of Rs. 10.93 crores. Rural Electrification Corporation Ltd., has sanctioned loan for implementation of the scheme.

**b. High Voltage Distribution System (H.V.D.S):** In order to reduce the T&D losses, interruptions, to avoid theft of energy and failure of D.T.R's five number (5) schemes for conversation of Low Voltage Distribution System (LVDS) into High Voltage Distribution System (HVDS) on selected 11kv feeders of various 33/11 K.V. sub-stations in Warangal, Karimnagar, Khammam, Nizamabad and Adilabad circles were proposed. Rural Electrification Corporation Ltd., sanctioned loan under P:SI (HVDS) scheme for an amount of Rs.99.26 crores.

**c. System improvement scheme (P:SI) :** To strengthen the existing distribution system the company has proposed for conservation of energy by erection of additional sub-stations in Warangal, Karimnagar, Khammam, Nizamabad and Adilabad circles under P:SI scheme. Proposal includes erection of 69 no.33/11kv Sub-stations in all the above circles at a cost of Rs. 81.26 crores. Rural Electrification Corporation Ltd., sanctioned loan under P:SI scheme.

**06. Information Technology:**

Company has a detailed information technology road map. In pursuance of the above the company has implemented following Information Technology tools;

- Consumer Analysis Tool (CAT) to analyze consumers' profile, collection efficiency and arrears.
- RIMS (Regulatory Information Management System) for all circles and division offices to ensure submission of quality, reliable and accurate data for regulatory compliance.
- e-procurement for purchase of materials at competitive rate through online tenders.
- Company has also started high value spot billing in Warangal, Adilabad and Nizamabad circles in respect of H.T. consumers.
- Introduced rural computer bill collection through RSDB/RAJIV internet programme.

**07. Consumer service:**

Company has released 248,432 no.s new services in various categories during the year 2008-09. Total registered consumers are 38,78,399 no.s as on 31.03.2009 compared to 36,29,967 no.s in the previous year. Company is implementing following initiatives to improve consumer service:

**a. Consumer service centre:** Company as established consumer service centers at all district headquarters in the year 2002. These centers attend fuse-off-calls and release of new services. Purpose of establishing these centers is to avoid delays and inconvenience to the consumers, elimination of middleman and to bring transparency. There are 55 no s consumer service centers across the company. Total of 32 nos complaints were received during 04/2008 to 03/2009 and 'nil' complaints were pending as on 31.03.2009.

**b. Citizen Charter:** Company has displayed citizen charter at all offices specifying standards of performance. Citizen charter broadly sets the standards of service, quality and reliability of services of the company to the consumers.

**c. Consumer Grievances Redressal Forum:** In compliance with the Andhra Pradesh Electricity Regulatory Commission directives the company has established APNPDCL Consumer Grievances Redressal Forum in 2004. Cases registered and disposed are furnished hereunder.

| Cases pending as on 01.04.08 | Cases registered during the year 2008-09 | Cases disposed during the year 2008-09. | Compensation awarded. | Pending cases as on 31.03.2009 |
|------------------------------|--|---|-----------------------|--------------------------------|
| 3                            | 32                                       | 33                                      | Rs. 600/-             | 2                              |

**08. Detection of pilferage of energy & vigilance:**

Company has continued its efforts in preventing theft of energy to arrest revenue leakage. Detection and Pilferage of Energy (D.P.E.) wing of the company detects direct taping from lines, meter tampering, meter bypass and such other means of pilferage of energy. Pole to pole inspection and intensive inspection drives were carried out in identified areas to reduce the losses. Total of 1,11,260 nos services were inspected during the year 2008-09. 7996 nos cases, were detected with pilferage, 856 no's cases detected with malpractice, 312 no's cases detected with back billing. Amount assessed against these cases was Rs. 4.82 crores. During the year Rs. 1.45 crores was realized in these measures reduced theft of energy and improved metered sales during the year.

**09. Assessment:**

Assessment wing finalizes all the cases where the assessment is not paid on the initial assessment notice. The progress of assessment cases for the financial year 2008-09 is as follows.

| Cases pending as on 01.04.2008 |                     | Cases received during the year |                     | Cases disposed during the year |                     | Balance cases as on 31.03.2009. |                     |
|--------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|---------------------------------|---------------------|
| No. of cases                   | Amount in Rs. lakhs | No. of cases                   | Amount in Rs. lakhs | No. of cases                   | Amount in Rs. lakhs | No. of cases                    | Amount in Rs. lakhs |
| 315                            | 0.27                | 981                            | 0.21                | 802                            | 0.23                | 394                             | 0.25                |

**10. Employees:**

As at the end of 31.03.2009 the company has 8281 no's employees who includes regular employees, deputation and employees working on contractual agreement;

| S. No. | Name of the category           | 2008-09     | 2007-08     |
|--------|--------------------------------|-------------|-------------|
| 1      | Engineering service            | 948         | 927         |
| 2      | Accounts & P&G service.        | 1636        | 1650        |
| 3      | O&M and Construction service   | 5650        | 5807        |
| 4      | Others (including deputations) | 47          | 46          |
|        | <b>total</b>                   | <b>8281</b> | <b>8384</b> |

Your directors place on record their deep appreciation for the exemplary contribution of the employees at all levels. Their dedicated efforts and enthusiasm has been integral to company's growth. Our industrial relations continue to be cordial. In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees Rules), 1975 none of the employees were in receipt of Rs. 2.00 lakhs per month or Rs. 24.00 lakhs per annum as salary in full or part during the year 2008-09.

**11. Human Resource Initiatives:**

Company is providing training for improving skills of the employees. Training programme on different topics carry out wide range of essential information improving employees' perspective towards organization adding healthy work nature and growth. During the year total 196 no. in house training programmes and 253 nos. outside training programmes sponsored for employees.

**12. Energy, Technology & Foreign Exchange:**

Energy conservation measures taken, technology absorption, and foreign exchange earning and outgoing by the company during the year along with the information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure-I.

**13. Directors:**

Sri Ch. Narasimha Reddy, was appointed as Chairman & Managing Director in place of Sri V. Anil Kumar, IAS, Sri C.S. Sundara Murthy, was appointed as Director (Finance), Sri B. Venkateswer Rao, was appointed as Director. Sri P. Srirama Rao was nominated as Director (non-whole time) of the company. Sri P. Ganapati, Director (P&MM & Q.C) and Sri K. Gopala Krishna, Director (non-whole time) cessed to be directors of the company. The details of Board of Directors of the company and changes during the period are indicated hereunder.

| Name of the Director     | Present designation          | Date of appointment/<br>(charge) | Date of change |
|--------------------------|------------------------------|----------------------------------|----------------|
| Sri Ch. Narasimha Reddy  | Chairman & Managing Director | 29.11.2008<br>(30.11.2008)       | Till Date      |
| Sri V. Anil Kumar, I.A.S | Chairman & Managing Director | 29.06.2006<br>(12.07.2006)       | 05.11.2008     |
| Sri Ch. Narasimha Reddy  | Director (Operation)         | 30.11.2004                       | 30.11.2008     |
| Sri K. Rajeswara Rao     | Director (Operation)         | 13.12.2005<br>(14.12.2005)       | Till Date      |
| Sri P. Ganapati,         | Director (P&MM & Q.C)        | 29.04.2006<br>(01.05.2006)       | 01.05.2009     |
| Sri K. Gopala Krishna    | Director (Non-Whole Time)    | 07.10.2006                       | 09.01.2009     |
| Sri T. Chandra Sekhar    | Director(Projects)           | 30.06.2008                       | Till Date      |
| Sri Umesh Sharraf, I.P.S | Director (Non-Whole Time)    | 16.09.2008                       | Till Date      |
| Sri P. Srirama Rao       | Director(Non-Whole Time)     | 09.01.2009                       | Till Date      |
| Sri C.S. Sundara Murthy  | Director(Finance)            | 07.02.2009<br>(12.02.2009)       | Till Date      |
| Sri B. Venkateswer Rao   | Director(HRD)                | 24.02.2009<br>(26.02.2009)       | Till Date      |

**14. Board meetings:**

In terms of the provisions of Section 285 of the Companies Act, 1956 board meetings are held at-least once in a quarter. During the financial year 2008-09 (i.e. 01-04-2008 to 31-03-2009), six (6) no's board meetings were held on 25-06-2008, 23-08-2008, 04-10-2008, 16-10-2008, 22-01-2009 and 23-03-2009.

**15. Audit committee:**

In terms of section 292(A) of the Companies Act, 1956 the company has an audit committee. Present audit committee consists of following members.

|    |                           |   |          |
|----|---------------------------|---|----------|
| 1. | Sri Umesh Sharraf, I.P.S. | : | Chairman |
| 2. | Sri T. Chandra Sekhar     | : | Member   |
| 3. | Sri P. Srirama Rao        | : | Member   |

Terms of reference to audit committee are those indicated under Section 292(A) of the companies act, 1956. Annual accounts of the company were reviewed by the audit committee before submission to the board. Audit committee minutes were also placed before the board.

**16. Auditors:**

Company is governed by the provisions of section 617 of the Companies Act, 1956, appointment of auditors is being made by the Comptroller and Auditor General of India (C&AG), New Delhi, under Section 619(2) of the Companies Act, 1956.

**17. Auditors' report:**

Company accounts have been audited as per the requirement of Companies Act, 1956. In terms of section 217 (3) of the companies act, 1956 Auditors' report is furnished in Annexure-II and comments of C&AG are furnished in Annexure –III.

**18. Directors Responsibility Statement:**

In compliance with the provisions of Section 217(2AA) of the Companies Act, 1956 the directors hereby confirms that.

- i) the annual accounts are prepared as per the Electricity (Supply) (Annual Accounts) Rules 1985, notified under the Electricity (Supply) Act, 1948 and Companies Act, 1956 where-ever the company has adopted the provisions thereof, along with proper explanation relating to material departures. Accounting principles/accounting policies enunciated in ESSAR, 1985 are not in total consonance with the accounting standards 2, 3, 6, 10, 12, 16 and 22 referred in section 211 (3c) of the companies act, 1956.
- ii) the directors had selected such Accounting policies (specified in ESSAR/ Companies Act, 1956) 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 2008-09 and of the profit/ (loss) of the company for that period.
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the ESSAR and Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) the directors had prepared the annual accounts on a going concern basis.

**19. Acknowledgements:**

Your directors wish to place on record their deep appreciation of the support received from Govt. of Andhra Pradesh, particularly Energy Department and Finance Department, Govt. of India, particularly Ministry of Power, Comptroller & Auditor General of India, Andhra Pradesh Electricity Regulatory Commission, Central Electricity Authority, Central Electricity Regulatory Commission, Transmission Corporation of A.P. Limited, APCPDCL, APEPDCL, APSPDCL, Rural Electrification Corporation Limited, Power Finance Corporation Limited, Banks and Financial Institutions.

**On behalf of the Board of Directors**

**Sd/-**

**(CH. NARASIMHA REDDY)  
Chairman & Managing Director**

**Warangal.  
September 25, 2009.**

**Annexure –I****Annexure to the Directors' report on energy conservation, technology absorption and foreign exchange earnings as per Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988;****A. Conservation of energy:**

a. *Energy conservation measures taken:* the following measures are continued to be taken for conservation of energy.

- Company is conducting regular energy audit at all industrial, town, mandal headquarter and rural feeders to assess the energy losses.
- Consistent efforts are put into reduce line losses by reducing the load on feeders, reduction of length of line, bifurcation of interlinking lines, replacement of conductor and erection of new sub-stations.
- Capacitors are being fixed to 11 K.V. lines to reduce energy losses.
- Conversion of existing LVDS network to HVDS network of 11 K.V. rural agriculture feeders with replacement of higher capacity 3 –ph DTR'S by lower capacity DTR'S.
- Consumers are being advised to use energy efficient devices/ equipments to reduce energy consumption.
- An awareness campaign being conducted for the agricultural consumers to use capacitors and foot valves of less resistance to pump sets for reduction of consumption of energy.
- Massive campaign was given by the company to the farmers on dry crops to reduce the demand during the rabi season.

b. *Impact of measures above for reduction of energy losses:*

- Energy losses are being reduced consistently in towns, mandal headquarters.
- With erection and commission of the new 33/11kv sub-stations the low-voltage problem were reduced and with the bifurcation of interlinking lines, re-inforcement of conductor the losses were come down.
- Installation of 2mvar capacitor banks in 33/11kv sub-station and 600 KVAR capacitors in the 11kv lines there is a significant improvement in the power factor as well as in the voltage.
- HVDS system has reduced the possibilities of theft of energy.

**B. Technology absorption:**

a. research & development: nil

b. *technology absorption:*

- remote meter reading (R.M.R) was installed at various 33/11 K.V. sub-stations for taking 11kv feeder consumption. company is taking readings of 11kv with samrt2k tool software.

**C. Foreign exchange earning and outgoing:**

There were no foreign exchange earnings or outgoings during the year.

**REVENUE ACCOUNT FOR THE YEAR ENDED 31-03-2009**  
**STATEMENT-I**

| SCH.No.             | Schedule Note                          | (Amount in Rs)     |                       |
|---------------------|--|--------------------|-----------------------|
|                     |  | This Year 2008-09  | Previous Year 2007-08 |
| 1                   | Revenue from Sale of power (Gross)     | 16120803829        | 15052137240           |
|                     | Less Electricity Duty Paid             | 195436777          | 162664672             |
|                     |  | <b>15925367052</b> | <b>14889472568</b>    |
| 4                   | Revenue Subsidies and Grants           | 2039999234         | 10789500000           |
| 5                   | Other Income                           | 946699707          | 1201374966            |
|                     | <b>TOTAL INCOME</b>                    | <b>37272065993</b> | <b>26880347534</b>    |
| <b>EXPENDITURE:</b> |  |                    |                       |
| 6                   | Purchase of Power                      | 31570861908        | 21623577790           |
| 7                   | Generation of Power                    |                    |                       |
| 8                   | Repairs and Maintenance                | 368297801          | 335933391             |
| 9                   | Employee Costs                         | 2306713873         | 1861756147            |
| 10                  | Administration and General Expenses    | 364933603          | 316198693             |
| 11                  | Depreciation and Related Expenses      | 1366928878         | 1204814756            |
| 12                  | Interest and Finance charges           | 1449546631         | 930893709             |
|                     | <b>Sub-Total</b>                       | <b>37427282694</b> | <b>26273174486</b>    |
|                     | LESS:Expense Capitalised               |                    |                       |
| 13                  | Interest & Finance charges capitalised | 220762368          | 137135952             |
| 14                  | Other Expenses capitalised             | 223352388          | 233817430             |
|                     | <b>Sub-Total (13+14)</b>               | <b>444114756</b>   | <b>370953382</b>      |
| 15                  | Other Debits                           | -60893809          | 932040679             |
| 16                  | Extra-Ordinary Items                   | 272332022          | -40719768             |
| 18                  | Net Prior Period (Credits) /Charges    | -3696727           | 6912487               |
|                     | <b>Sub-Total(15+16+18)</b>             | <b>207741486</b>   | <b>898233398</b>      |



|    |   |             |             |
|----|---|-------------|-------------|
|    | Total Expenditure(6 to 12-13-14+15+16+18) | 37190909424 | 26800454502 |
|    | Profit/(Loss) before Tax                  | 81156569    | 79893032    |
| 17 | Provision for Taxes                       |             |             |
|    | c) Fringe benefit Tax Previous Years      | 634992      | 5716534     |
|    | c) Fringe benefit Tax 2008-09             | 6441799     | 0           |
|    | e) Income Tax Previous Years              | 444673      | 8873668     |
|    | e) Income Tax 2008-09                     | 9161972     |             |
|    | Sub-Total                                 | 16683436    | 14590202    |
|    |   |             |             |
|    | Surplus/(Deficit)                         | 64473133    | 65302830    |

For and on behalf of the Board of Directors

As per our report of even date

B.V.RAO & CO  
CHARTERED ACCOUNTANTS

Sd/-  
B.A.S.P. RANGA  
Partner  
(Member No. 022649 )  
Date: 30-07-2009

Sd/-  
(CH.NARASIMHA REDDY)  
Chairman & Managing Director

Sd/-  
(M.Venkatnarayana)  
Chief General Manager (Expr.)  
Date:30-07-2009

Sd/-  
(C.S. SUNDARA MURTHY)  
Director (Finance)

Sd/-  
(K.Venkatesham)  
Company Secretary

**NET REVENUE APPROPRIATION ACCOUNT  
STATEMENT-2**

| Sl.No. | PARTICULARS                                      | This Year<br>2008-2009 | Previous Year<br>2007-2008 |
|--------|--|------------------------|----------------------------|
|        |  | (Amount in Rs)         |                            |
| 1      | Balance brought forward from last year           | (312056044)            | (366078434)                |
| 2      | surplus /(Deficit) from Revenue Account          | 64473133               | 65302830                   |
| 3      | <b>CREDITS</b>                                   |                        |                            |
| 4      | Transfer from General Reserve                    |                        |                            |
| 5      | <b>APPROPRIATIONS:</b>                           |                        |                            |
| 6      | Contribution to Reserve & Reserve funds          | 11576177               | 11280440                   |
| 7      | * Sinking fund for repayment of borrowings       |                        |                            |
| 8      | General Reserve                                  |                        |                            |
| 9      | <b>Balance carried forward Surplus/(Deficit)</b> | <b>(259159089)</b>     | <b>(312056044)</b>         |

For and on behalf of the Board of Directors

As per our report of even date

B.V.RAO & CO  
CHARTERED ACCOUNTANTS

Sd/-  
B.A.S.P. RANGA  
Partner  
(Member No. 022649 )  
Date: 30 -07-2009

Sd/-  
(CH.NARASIMHA REDDY)  
Chairman & Managing Director

Sd/-  
(M.Venkatnarayana)  
Chief General Manager (Expr.)  
Date: 30-07-2009

Sd/-  
(C.S. SUNDARA MURTHY)  
Director (Finance)

Sd/-  
(K.Venkatesham)  
Company Secretary

**BALANCE SHEET AS AT 31-03-2009**

**STATEMENT- 3**

**ASSETS**

| h.No. | Schedule Note                                  | This Year 2008-2009 | Balance at the end of the previous year (2007-08) |
|-------|--|---------------------|---|
|       | <b>NET ASSETS</b>                              |                     |   |
| 19    | Gross Block                                    | 23536204316         | 19160147955                                       |
|       | Less Accumulated Depreciation                  | 10539482623         | 9181871251  |
|       | Net Fixed Assets                               | 12996721693         | 9978276705  |
| 21    | Capital Work in Progress                       | 3227187573          | 4626994433  |
| 22    | Assets not in use                              | 0                   | 0   |
| 23    | Deferred Costs                                 | 0                   | 0   |
| 24    | Intangible assets                              | 9525387             | 9447700   |
|       | Less: Amortization of Intangible Assets        | 5390034             | 3500451   |
|       | Net Intangible Assets                          | 4135353             | 5947249   |
| 25    | Investments                                    | 191514053           | 133105507   |
| 26    | Total Current Assets                           | 20362446638         | 11183630386                                       |
|       | Less: Total Current Liabilities                |                     |   |
| 27    | Security Deposits from Consumers               | 2617747907          | 2412074494  |
| 28    | Other Current Liabilities                      | 11708146258         | 7759741158  |
|       | Total Current Liabilities                      | 14325894165         | 10171815652                                       |
|       | <b>Net Current Assets(Total CA - Total CL)</b> | <b>6036552474</b>   | <b>1011814734</b>                                 |
| 29    | Subsidy Receivable from Govt.                  | 0                   | 0   |
|       | <b>NET ASSETS</b>                              | <b>22456111146</b>  | <b>15756138628</b>                                |

For and on behalf of the Board of Directors

As per our report of even date

B.V.RAO & CO  
CHARTERED ACCOUNTANTS

Sd/-  
**B.A.S.P. RANGA**  
Partner  
(Member No. 022649)  
Date: 30.07.2009

Sd/-  
(CH.NARASIMHA REDDY)  
Chairman & Managing Director

Sd/-  
(M.Venkatnarayana)  
Chief General Manager (Expr.)  
Date.30.07.2009

Sd/-  
(C.S. SUNDARA MURTHY)  
Director (Finance )

Sd/-  
(K.Venkatesham)  
Company Secretary

**BALANCE SHEET  
STATEMENT- 3  
LIABILITIES**

| Sch.No. | Schedule Note                               | This Year<br>2008-2009 | Balance at the end of the previous year<br>(2007-08) |
|---------|---|------------------------|--|
|         | <b>FINANCED BY</b>                          |                        |  |
| 30      | Borrowings for working capital              | 7870000000             | 2150000000   |
| 31      | Payment due on Capital Liabilities          | 0                      |  |
| 32      | Capital Liabilities                         | 8395194571             | 7974065346   |
| 33      | Funds from GOAP and Share Capital           |                        |  |
|         | Equity Share Capital                        | 2747639090             | 2747639090   |
|         | Loans from State/Central Governments        | 296561267              | 328069267  |
| 34      | Contributions, Grants Subsidies-Capt Assets | 3257225477             | 2731347316   |
| 35      | Reserve and Reserve Funds                   | 148649829              | 137073653  |
|         | Surplus/ (Deficit)                          | (259159089)            | (312056044)  |
|         | <b>TOTAL FUNDS</b>                          | <b>22456111146</b>     | <b>15756138628</b>                                   |

For and on behalf of the Board of Directors

As per our report of even date

B.V.RAO & CO  
CHARTERED ACCOUNTANTS

Sd/-  
B.A.S.P. RANGA  
Partner  
(Member No. 022649)  
Date: 30-07-2009

Sd/-  
(CH.NARASIMHA REDDY)  
Chairman & Managing Director

Sd/-  
(M.Venkatnarayana)  
Chief General Manager (Expr.)  
Date:30-07-2009

Sd/-  
(C.S. SUNDARA MURTHY)  
Director (Finance )

Sd/-  
(K.Venkatesham)  
Company Secretary

**REVENUE FROM SALE OF POWER  
SCHEDULE 1**

| Sl.No. | PARTICULARS                                  | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|--|----------------------|--------------------------|
|        |  |                      | (Amount in Rs)           |
|        | <b>LT SUPPLY :</b>                           |                      |                          |
| 1      | Domestic Supply Category -I                  | 3,279,974,011        | 3,140,135,279            |
| 2      | Non-Domestic Supply Category -II             | 1,738,502,062        | 1,579,039,882            |
| 3      | Industrial Supply Category-III               | 1,319,483,060        | 1,341,256,408            |
| 4      | Cottage Industries Category-IV               | 10,138,189           | 11,286,709               |
| 5      | irrigation & Agriculture Category V          | 15,026,660           | 33,420,025               |
| 6      | Public Lighting Category-VI                  | 424,028,234          | 330,004,338              |
| 7      | General purpose Category VII                 | 86,660,334           | 82,309,875               |
| 8      | Temporary Supply Category VIII               | 7,710,337            | 2,473,349                |
|        | <b>LT TOTAL :</b>                            | <b>6881522887</b>    | <b>6519925865</b>        |
|        | <b>HT SUPPLY :</b>                           |                      |                          |
| 1      | Industrial segregated Category 1             | 3,806,906,985        | 3,354,260,199            |
| 2      | Industrial Non segregated Category II        | 374,941,024          | 344,245,060              |
| 3      | Irrigation & Agriculture Category IV         | 306,974,600          | 194,143,418              |
| 4      | Railway Traction Category V                  | 1,411,418,424        | 1,371,381,416            |
| 5      | Townships & residential Colonies Category VI | 500,283,966          | 434,000,748              |
| 6      | RESCOS                                       | 190,601,121          | 173,088,071              |
| 7      | Temporary Supply                             | 1,394,372            | 2,020,800                |
| 8      | Revenue from sale of Power - Inter State     | 1,785,235,215        | 1,849,808,642            |
|        | <b>HT TOTAL :</b>                            | <b>8377755707</b>    | <b>7722948354</b>        |
|        | <b>LT+HT TOTAL</b>                           | <b>15259278594</b>   | <b>14242874219</b>       |
| 10     | Less: Incentive / Rebate / Discounts         | 191,453,482          | 146,046,187              |
|        | <b>Net LT+HT Total</b>                       | <b>15067825112</b>   | <b>14096828032</b>       |

**REVENUE FROM SALE OF POWER  
SCHEDULE 1**

| Sl.No. | PARTICULARS                             | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|---|----------------------|--------------------------|
|        |   |                      | (Amount in Rs)           |
|        | <b>Miscellaneous Revenue:</b>           |                      |                          |
| 1      | Electricity Duty Recovery               | 195,436,777          | 162,664,672              |
| 2      | Interest on Electricity Duty            | 6,579,097            | 7,164,795                |
| 3      | Recoveries for Theft / Malpractice      | 28,594,889           | 12,272,622               |
|        | <b>Sub-Total</b>                        | <b>230610763</b>     | <b>182102089</b>         |
| 4      | Miscellaneous charges form consumers    | 822,367,954          | 773,207,119              |
|        | <b>Total :</b>                          | <b>1052978717</b>    | <b>955309208</b>         |
|        | <b>Gross Revenue from Sale of Power</b> | <b>16120803829</b>   | <b>15052137240</b>       |
| 5      | Less: Electricity Duty Paid             | 195,436,777          | 162,664,672              |
|        | <b>NET TOTAL</b>                        | <b>15925367052</b>   | <b>14889472568</b>       |

**ELEMENT WISE ANALYSIS OF REVENUE**

**SCHEDULE 2**

| PARTICULARS                                      | This Year<br>2008-09 | Previous Year<br>2007-2008 |
|--|----------------------|----------------------------|
|  |                      | (Amount in Rs.)            |
| <b>REVENUE :</b>                                 |                      |                            |
| Demand Charges                                   | 1081980545           | 919030082                  |
| Energy charges                                   | 14100533975          | 13235110605                |
| Fuel cost adjustment charges                     | 4403479              | 277459                     |
| Power Factor Surcharge                           | 96974924             | 56053512                   |
| Adjustments to past billing                      | -24614329            | 32402560                   |
| Less: Incentive / Rebate / Discounts             | 191453482            | 146,046,187                |
| <b>TOTAL :</b>                                   | <b>15067825113</b>   | <b>14096828031</b>         |
| <b>Electricity Duty &amp; Other State Levies</b> |                      |                            |
| Electricity Duty recovery                        | 195436777            | 162664672                  |
| Interest on electricity Duty                     | 6579097              | 7164795                    |
| <b>TOTAL</b>                                     | <b>202015874</b>     | <b>169829467</b>           |
| Meter Rent/Service Line Rental                   |                      |                            |
| Recoveries for Theft of Power/Malpractices       | 28594889             | 12272622                   |
| Wheeling charges recoveries                      | 0                    | 0                          |
| Miscellaneous recoveries                         | 822367954            | 773207119                  |
| Fuse charges                                     |                      |                            |
| Total Miscellaneous Recovery                     | 850962843            | 785479741                  |
| <b>Gross Revenue from Sale of Power</b>          | <b>16120803830</b>   | <b>15052137239</b>         |
| <b>Less :</b>                                    |                      |                            |
| Electricity Duty payable                         | 195436777            | 162664672                  |
|  |                      |                            |
| <b>NET TOTAL :</b>                               | <b>15925367053</b>   | <b>14889472567</b>         |

**SCHEDULE 3  
AVERAGE REALISATION FROM SALE OF POWER**

| Previous Year 2007-2008 |                 |                       |                                       | This Year 2008 – 2009 |  |                     |                 |                       |                                       |
|-------------------------|-----------------|-----------------------|---------------------------------------|-----------------------|--|---------------------|-----------------|-----------------------|---------------------------------------|
| Number of Consumers     | Units sold (MU) | % of total units sold | Average realization in paisa per unit | Sl No.                | Consumer Category                                | Number of Consumers | Units sold (MU) | % of total units sold | Average realization in paisa per unit |
|                         |                 |                       |                                       |                       | <b>LT</b>  |                     |                 |                       |                                       |
| 2542579                 | 1346.46         | 17.38                 | 233                                   | 1                     | Domestic supply - Category-I                     | 2746250             | 1,487.21        | 17.41                 | 221                                   |
| 229788                  | 274.14          | 3.54                  | 576                                   | 2                     | Non-Domestic supply Category-II                  | 244339              | 302.48          | 3.54                  | 575                                   |
| 26888                   | 294.24          | 3.80                  | 456                                   | 3                     | Industrial supply - Category - III               | 26449               | 289.50          | 3.39                  | 456                                   |
| 3363                    | 5.30            | 0.07                  | 213                                   | 4                     | Cottage Industries - Category - IV               | 4334                | 4.76            | 0.06                  | 213                                   |
| 765856                  | 3485.50         | 44.98                 | 0                                     | 5                     | Irrigation & Agriculture Category - V (FREE)     | 759157              | 3,881.65        | 45.43                 | 0                                     |
| 17063                   | 136.64          | 1.76                  | 24                                    |                       | Irrigation & Agriculture Category - V (NON-FREE) | 47577               | 61.32           | 0.72                  | 25                                    |
| 31823                   | 241.20          | 3.11                  | 137                                   | 5                     | Public Lighting - Category - VI                  | 36197               | 320.01          | 3.75                  | 133                                   |
| 11835                   | 20.28           | 0.26                  | 406                                   | 6                     | General Purpose - Category - VII                 | 13176               | 21.40           | 0.25                  | 405                                   |
| 14                      | 0.28            | 0.00                  | 883                                   | 7                     | Temporary - Category - VIII                      | 9                   | 0.86            | 0.01                  | 897                                   |
| <b>3629209</b>          | <b>5804.04</b>  | <b>74.91</b>          | <b>112</b>                            |                       | <b>Total L.T.</b>                                | <b>3877488</b>      | <b>6369.19</b>  | <b>74.54</b>          | <b>108</b>                            |
|                         |                 | 0.00                  |                                       |                       | <b>HT</b>  |                     |                 |                       |                                       |
| 426                     | 905.07          | 11.68                 | 371                                   | 1                     | Industrial segregated - Category - I             | 546                 | 1,027.53        | 12.03                 | 370                                   |
| 153                     | 58.40           | 0.75                  | 589                                   | 2                     | Industrial Non-segregated - Category - II        | 169                 | 63.77           | 0.75                  | 588                                   |
| 117                     | 96.71           | 1.25                  | 201                                   | 3                     | Irrigation & Agriculture - Category - IV         | 132                 | 149.37          | 1.75                  | 201                                   |
| 9                       | 333.01          | 4.30                  | 412                                   | 4                     | Railway Traction Category - V                    | 9                   | 341.83          | 4.00                  | 413                                   |
| 30                      | 428.07          | 5.52                  | 40                                    | 5                     | Electricity Co-op.societies - Category - VII     | 33                  | 469.65          | 5.50                  | 41                                    |
| 0                       | 0.00            | 0.00                  | 0                                     | 6                     | Power Intensive Consumers                        |                     | -               | 0.00                  | 0                                     |
| 0                       | 0.00            | 0.00                  | 0                                     | 7                     | Extra State supplies to Government of Pondichery | 0                   | 0.00            | 0.00                  | 0                                     |
| 0                       | 0.00            | 0.00                  | 0                                     | 8                     | Temporary - Category - VIII                      | 0                   | 0.00            | 0.00                  | 0                                     |
| 23                      | 122.88          | 1.59                  | 353                                   | 9                     | Colony Lighting - Category - VI                  | 22                  | 123.33          | 1.44                  | 406                                   |
| <b>758</b>              | <b>1944.14</b>  | <b>25.09</b>          | <b>302</b>                            |                       | <b>Total H.T.</b>                                | <b>911</b>          | <b>2175.49</b>  | <b>25.46</b>          | <b>302</b>                            |
| <b>3629967</b>          | <b>7748.18</b>  | <b>100.00</b>         | <b>160</b>                            |                       | <b>LT + HT TOTAL :</b>                           | <b>3878399</b>      | <b>8544.68</b>  | <b>100.00</b>         | <b>158</b>                            |
|                         | 679.59          |                       | 266.40                                | 1                     | Inter / Intra State Supplies                     |                     | 283.45          |                       | 525.38                                |

REVENUE SUBSIDIES AND GRANTS  
SCHEDULE 4

| Sl.No. | PARTICULARS                    | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|--------------------------------|----------------------|--------------------------|
|        |                                |                      | (Amount in Rs)           |
| 1      | Revenue Subsidies from GOAP    | 7,491,600,000        | 6,260,400,000            |
| 2      | Additional Subsidies from GOAP | 12,908,399,234       | 4,529,100,000            |
|        | <b>TOTAL :</b>                 | <b>20399999234</b>   | <b>10789500000</b>       |

**OTHER INCOME**  
**SCHEDULE 5**

| Sl.No. | PARTICULARS                                   | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|---|----------------------|--------------------------|
|        |   |                      | (Amount in Rs)           |
| 1      | Interest on Staff Loans and Advances          | 1,617,618            | 1,612,636                |
| 2      | Income from Investments                       | 51,699,182           | 24,975,456               |
| 4      | Delayed Payment Charges                       | 294,376,304          | 356,397,742              |
| 5      | Interest on Advances to Suppliers/Contractors | 20,437,901           | 0                        |
| 7      | Income from Trading - Sale of Scrap / Stores  | 14,279,575           | 17,096,333               |
| 8      | Rebate on Power Purchase                      | 287,713,944          | 253,345,713              |
| 9      | Miscellaneous Receipts                        | 62,437,553           | 161,285,110              |
| 10     | Incentive                                     | 0                    | 206,471,529              |
| 11     | Deferred Revenue Income                       | 214,137,630          | 180,190,447              |
|        | <b>TOTAL</b>                                  | <b>946699707</b>     | <b>1201374966</b>        |

PURCHASE OF POWER  
SCHEDULE 6

| Sl.No. | PARTICULARS  | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|--|----------------------|--------------------------|
|        |  |                      | (Amount in Rs)           |
| 1      | POWER PURCHASED                                    |                      |                          |
| I)     | POWER PURCHASE :                                   |                      |                          |
|        | Transmission & SLDC Charges (AP Transco and PGCIL) | 1,625,360,629        | 1,083,497,706            |
|        | POWER PURCHASE - OTHERS                            | 29,945,501,279       | 20,540,080,084           |
|        | TOTAL :  | 31570861908          | 21623577790              |

**GENERATION OF POWER**

**SCHEDULE 7**

| Sl.No. | PARTICULARS                               | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|---|----------------------|--------------------------|
|        |   |                      | (Amount in Rs)           |
|        | <b>FUEL CONSUMPTION</b>                   |                      |                          |
| 1      | Coal                                      |                      |                          |
| 2      | Oil                                       |                      |                          |
| 3      | Gas                                       |                      |                          |
| 4      |   |                      |                          |
| 5      | <b>Total (1 to4)</b>                      |                      |                          |
| 6      | Other Fuel related costs                  |                      |                          |
| 7      | Sub-total for fuel costs (5 + 6)          |                      |                          |
|        | <b>OPERATING EXPENSES</b>                 |                      |                          |
| 8      | Cost of Water - PCB cess                  |                      |                          |
|        | Hydel Power                               |                      |                          |
|        | Thermal power                             |                      |                          |
| 9      | Lubricants and Consumable Stores          |                      |                          |
| 10     | Station supplies                          |                      |                          |
| 11     | Sub-total for Operating expenses (8 to10) |                      |                          |
| 12     | Cost of Generation of Power (7 + 11)      |                      |                          |
| 13     | Fuel related losses                       |                      |                          |
| 14     | <b>Total (12 + 13)</b>                    |                      |                          |



REPAIRS AND MAINTENANCE  
SCHEDULE 8

| Sl.No. | PARTICULARS                             | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|---|----------------------|--------------------------|
|        |   |                      | (Amount in Rs)           |
| 1      | Repairs and Maintenance to              |                      |                          |
| 2      | Plant and Machinery                     | 42,757,497           | 33,685,025               |
| 3      | Transformers                            | 143,824,734          | 159,543,215              |
| 4      | Substation maintenance by Pvt. Agencies | 126,523,613          | 94,247,691               |
| 5      | Buildings & Civil Works                 | 971,755              | 758,762                  |
| 7      | Lines, Cable net work etc.              | 46,155,412           | 40,651,404               |
| 8      | Vehicles                                | 369,773              | 310,549                  |
| 9      | Furniture and Fixtures                  | 78,216               | 0                        |
| 10     | Office equipment                        | 7,616,801            | 6,736,745                |
|        | <b>TOTAL :</b>                          | <b>368297801</b>     | <b>335933391</b>         |

**EMPLOYEE COSTS  
SCHEDULE 9**

| Sl.No. | PARTICULARS  | This Year 2008-09 | Previous Year 2007-08 |
|--------|--|-------------------|-----------------------|
|        |  |                   | (Amount in Rs)        |
| 1      | Salaries   | 1,149,137,061     | 1,138,464,255         |
| 2      | Over Time  |                   |                       |
| 3      | Dearness Allowance   | 182,319,127       | 108,427,948           |
| 4      | Other Allowances   | 154,224,474       | 155,356,728           |
| 5      | Salary & Allowances - Directors                                  | 3,271,468         | 2,871,437             |
| 6      | Exgratia / Incentive / Bonus                                     | 14,337,437        | 6,547,384             |
| 7      | <b>Sub-Total</b>   | <b>1503289565</b> | <b>1411667752</b>     |
| 8      | Medical Expenses Reimbursement                                   | 24,439,915        | 11,338,889            |
| 9      | Leave Travel Assistance  | 2,231,997         | 3,134,437             |
| 10     | Earned leave Encashment  | 160,271,415       | 132,369,665           |
| 13     | <b>Total others staff costs ( 8 to 12 )</b>                      | <b>186943327</b>  | <b>146842991</b>      |
| 14     | Medical Allowance - Monthly                                      | 16,200,683        | 16,958,796            |
| 15     | Other Welfare Expenses   | 2,602,970         | 2,305,376             |
| 16     | Social Security cum PF Booster Scheme                            | 713,324           | 440,537               |
| 17     | Terminal Benefits PF Employer Contributions joined before 1.2.99 | 534,246,965       | 254,468,524           |
| 18     | Terminal Benefits FPS Employers Contribution                     | 775545            | 147308                |
| 20     | Terminal Benefits(Gratuity )-Emp after 1.2.99                    | 17275739          | 1,086,981             |
| 21     | Employer Contributions to EPF                                    | 44,657,755        | 27,829,883            |
| 22     | Provident Fund Audit Charges                                     | 8,000             | 8,000                 |
|        | <b>TOTAL</b>   | <b>2306713873</b> | <b>1861756147</b>     |



**ADMINISTRATION AND GENERAL EXPENSES**  
**SCHEDULE 10**

| Sl.No. | PARTICULARS   | This Year 2008-09 | Previous Year 2007-08 |
|--------|---|-------------------|-----------------------|
|        |   |                   | (Amount in Rs)        |
| 1      | Rent, Rates and Taxes                                 | 9,399,196         | 7,607,354             |
| 2      | License fee to APERC                                  | 6,327,152         | 5,893,504             |
| 3      | Insurance   | 751,400           | 1,076,894             |
| 4      | Communication and related expenses                    | 11,487,735        | 11,990,951            |
| 5      | Legal Charges   | 2,928,707         | 3,367,216             |
| 6      | Audit Fees  | 1,969,536         | 1,717,933             |
| 7      | Consultancy / Professional Charges                    | 9,228,577         | 4,484,400             |
| 9      | Other Professional Charges                            | 90,758,331        | 80,401,152            |
| 10     | Traveling expenses                                    | 99,661,583        | 84,337,741            |
|        | Fixed Tour Allowance                                  | 25,000            | 0                     |
| 11     | Conveyance expenses                                   | 176,556           | 88,138                |
| 12     | Vehicle Running Expenses                              | 869360            | 4990307               |
| 13     | Vehicle running expenses for jeeps & car              | 1835791           | 981299                |
| 14     | Vehicle running expenses (trucks,vans,lo              | 6597020           | 3337268               |
| 15     | Vehicle Hire Charges                                  | 37,924,360        | 31,605,785            |
| 16     | Vehicle License and Registration Fee                  | 83,775            | 105,885               |
| 17     | <b>Other Expenses</b>                                 |                   |                       |
|        | Honorarium  | 0                 | 4,397,671             |
|        | Fees and Subscription                                 | 15,550            | 10,750                |
|        | Books and Periodicals                                 | 25,015            | 103,460               |
|        | Printing and Stationery                               | 7,484,470         | 7,706,138             |
|        | Advertisement Expenses                                | 3,243,353         | 6,182,911             |
|        | Electricity Charges                                   | 17,302,820        | 15,623,565            |
|        | Water Charges   | 1,767,724         | 2,130,075             |
|        | Miscellaneous Expenses                                | 39,568,007        | 31,353,799            |
|        | Payment to Electricity Worker Panchyt,contractors,age | 5,000             | 0                     |
|        | Awards  | 0                 | 10,000                |
|        | Training and Participation                            | 150,290           | 5,078,727             |
|        | Police Guard Charges                                  | 75156             | 1248253               |

**SCHEDULE 10  
ADMINISTRATION AND GENERAL EXPENSES**

| Sl.No. | PARTICULARS                                     | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|---|----------------------|--------------------------|
|        | <b>TOTAL</b>                                    | <b>364933603</b>     | <b>316198693</b>         |
| 17     | Sub-Total Fabrication Charges Absorbed          | 1928632              | -8301930                 |
| 16     | Fabrication charges absorbed in cost of         | 1924072              | -11865060                |
| 15     | Fabrication charges                             | 4260                 | 3260130                  |
| 14     | Sub-Total Freight and Purchase Related Expenses | 0                    | 0                        |
| 13     | Advt. of tenders & other purchase relate        | 0                    |                          |
| 12     | Freight on capital equipment                    | 0                    |                          |
|        | Sub -Total of Other expenses                    | 82980889             | 825214296                |
|        | Compensation for New connection/additional lo   | 0                    | -6300                    |
|        | Gifts & other Articles purchased for Retirement | 82232                | 43292                    |
|        | Guest House Maintenance Charges                 |                      | 0                        |
|        | Payment made towards apprentices                |                      | 0                        |
|        | Penalties on non compliance with statutes       |                      | 0                        |
|        | Consumer service center expenses                | 4436679              | 144311                   |
|        | Incidental stores expenses                      | 4799010              | 2111862                  |
|        | Transportation Charges of materials to site     | 3182697              | 2207783                  |
|        | Price Variation Difference                      |                      | 0                        |
|        | Material handling expenses                      | 840082               | 1170642                  |
|        | Testing Charges                                 | -200                 | -2420                    |
|        | (Amount in Rs)                                  |                      |                          |

**DEPRECIATION AND RELATED DEBITS (NET)**  
**SCHEDULE 11**

| Sl.No. | PARTICULARS   | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|---|----------------------|--------------------------|
|        |   |                      | (Amount in Rs)           |
| 1      | Depreciation  | 1,365,039,295        | 1,202,925,216            |
| 2      | Assets Decommissioning cost   |                      |                          |
| 3      | Amortization  | 1,889,583            | 1,889,540                |
| 4      | Small & Low value items written off   |                      |                          |
| 5      | <b>Sub-total</b>  | <b>1366928878</b>    | <b>1204814756</b>        |
| 6      | Written down value of assets scrapped   |                      |                          |
| 7      | Write off of deficits of fixed assets observed upon physical verification       |                      |                          |
| 8      | Loss on sale of fixed assets  |                      |                          |
| 9      | Total 5 to 7  |                      |                          |
| 10     | <b>Total debits (4 to 8)</b>  | <b>1366928878</b>    | <b>1204814756</b>        |
| 11     | Less  |                      |                          |
| 12     | Gain on sale of Assets (Excluding Capital gains transferred to Capital Reserve) |                      |                          |
| 13     | <b>TOTAL</b>  | <b>1366928878</b>    | <b>1204814756</b>        |

**INTEREST AND FINANCE CHARGES**  
**SCHEDULE 12**

| Sl.No.   | PARTICULARS   | This Year<br>2008-09 | Previous Year<br>2007-08 (Amount in Rs) |
|----------|---|----------------------|---|
| 1        | Interest on State Government loans                    | 246,004              | 2,797,283                               |
| 2        | Interest on Bonds (2004)                              | 24,684,800           | 24,684,800                              |
| 3        | Interest on Term Loans                                |                      |   |
|          | R.E.C.  | 698,307,024          | 611,096,038                             |
|          | P.F.C.  | 12,928,571           | 17,019,525                              |
|          | Interest on Corporate Loans                           | 21,098,636           | 22,724,393                              |
|          | I.C.I.C.I.  | 23,066,955           | 26,864,854                              |
|          | Bank of Baroda  | 7,088,688            | 8379687                                 |
|          | Interest on Loans                                     | 503,253,331          | 73,543,669                              |
| 5        | Interest to Consumers                                 | 138,801,915          | 125,219,279                             |
| <b>6</b> | <b>Total Interest on Capital Liabilities (1 to 5)</b> | <b>1429475924</b>    | <b>912329528</b>                        |
| 7        | Interest on overdraft / working capital               | 6,044,318            | 14,742,591                              |
| 8        | Interest - Employee Funds (GIS,GPF,FBF)               | 4,212,940            | 6,172,472                               |
| 9        | Operation Lease Rental                                |                      | 0                                       |
| 10       | Cost of Raising finance                               | 9,511,089            | -2,234,940                              |
| 11       | Interest Expenses                                     |                      | 0                                       |
| 12       | Bank Remittance Charges                               | 2791876              | 649067                                  |
| 13       | Bank Commission for Collection from Consumers         | 14468                | 49040                                   |
| 14       | Other Bank Charges                                    | 1,589,914            | 2,352,352                               |
| 15       | Banking Cash Transaction Tax                          |                      | 0                                       |
| 16       | Penal Interest  | 484,809              | 3,648,189                               |
| 17       | <b>sub-Total</b>                                      | <b>24649414</b>      | <b>25378770</b>                         |
|          | <b>Total</b>  | <b>1454125338</b>    | <b>937708298</b>                        |
| 18       | Less: Rebate (Subsidy) from Funding Agencies          | 4,578,707            | 6,814,590                               |
|          | <b>Net Total</b>                                      | <b>1449546631</b>    | <b>930893708</b>                        |

**INTEREST AND FINANCE CHARGES CAPITALISED**  
**SCHEDULE 13**

This schedule shall contain the detailed workings for computing the amount of capitalised interest on funds used during construction stage

|                                |    | (Amount in Rs.) |
|--------------------------------|----|-----------------|
| <b>This year 2008-2009</b>     | Rs | 220,762,368     |
| <b>Previous year 2007-2008</b> | Rs | 137135952       |



**OTHER EXPENSES CAPITALISED**  
**SCHEDULE 14**

| Sl.No. | PARTICULARS   | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|---|----------------------|--------------------------|
|        |   |                      | (Amount in Rs)           |
| 1      | Capitalization of cost of Generation during trial stage |                      | 0                        |
| 2      | R&M Expenses capitalised                                |                      | 0                        |
| 3      | Employee costs capitalised                              | 189,461,939          | 198,744,813              |
| 4      | Administation & General Expenses capitalised            | 33,890,449           | 35,072,617               |
| 5      | Depreciation and related costs capitalised              |                      | 0                        |
|        | <b>TOTAL</b>  | <b>223352388</b>     | <b>233817430</b>         |

**OTHER DEBITS  
SCHEDULE 15**

| Sl.No. | PARTICULARS                                     | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|---|----------------------|--------------------------|
|        |   | (Amount in Rs)       |                          |
| 1      | Materials cost variance                         | 210,763              | 32,140,125               |
| 2      | Research & Development Expenses                 |                      | 0                        |
| 3      | Cost of Trading/Manufacturing Activities        |                      | 0                        |
| 4      | Bad and Doubtful debts written off/Provided for | -366,272,871         | 774,119,680              |
| 5      | Waiver of surcharge                             | 57,965,712           | 112,516,386              |
| 6      | Written down value of Assets scrapped           |                      | 0                        |
| 7      | Compensations                                   | 5,632,019            | 5,008,714                |
| 8      | Materials / Scrap / Assets Loss etc             | 777,319              | 507,451                  |
| 9      | Miscellaneous losses and write-offs             | 17,410,803           | 7,748,322                |
| 10     | Sundry Expenses(Corporate exp. Allocation)      |                      | 0                        |
| 11     | Provision for contingencies                     |                      | 0                        |
|        | Safety Measures Expenditure                     | 223,261,295          | 0                        |
|        | Shortages                                       | 121,151              | 0                        |
|        | <b>TOTAL</b>                                    | <b>(60893809)</b>    | <b>932040679</b>         |

**EXTRAORDINARY ITEMS**  
**SCHEDULE 16**

Extraordinary items are defined as “those items which arise from events or transactions outside the ordinary activities of the company and which are both material and expected not to recur frequently or regularly. They do not include items which though e

| Sl.No. | PARTICULARS  | This Year<br>2008-09 | Previous Year<br>2007-08 |
|--------|--|----------------------|--------------------------|
|        |  |                      | (Amount in Rs)           |
| 1      | Extraordinary credits (including subsidies against loss on account of Flood, Fire, and Cyclone etc. Account Head 63.2) | 272,332,022          | -40,719,768              |
| 2      | Extraordinary debits (Losses on account of Flood, Fire, and Cyclone etc. Account Head 79.8)                            | 0                    | 0                        |
| 3      | Extraordinary items (NET) Dr (Cr).   | 272332022            | -40719768                |

PROVISION FOR TAXES  
SCHEDULE 17

| Sl.No. | PARTICULARS                | This Year<br>2008-2009 | Previous Year<br>2007-2008 |
|--------|----------------------------|------------------------|----------------------------|
|        |                            |                        | (Amount in Rs)             |
| 1      | Provision for Income Tax   | 9,606,645              | 8873668                    |
| 2      | Fringe Benefit Tax         | 7,076,791              | 5716534                    |
| 3      | Provision for Deferred Tax |                        | 0                          |
|        | <b>TOTAL</b>               | <b>16683436</b>        | <b>14590202</b>            |

**NET PRIOR PERIOD CREDITS/(CHARGES)  
SCHEDULE 18**

Prior period items are defined as those items which arise, from retrospective change in the basis of accounting (it maybe noted that retrospective changes in the basis of accounting should be avoided as far as possible), on correction of fundamental error in accounts of prior periods, on correction of short or excess provision made in previous years, Waiver of any liability to revenue expenses of past year. (Such as waiver of interest for past years by State Government in view of the DISCOM's weak financial position) would be treated as prior period income.

| Sl.No.   | PARTICULARS   | This Year 2008-09 | Previous Year 2007-08 |
|----------|---|-------------------|-----------------------|
|          |   |                   | (Amount in Rs)        |
| <b>1</b> | <b>Income relating to previous year</b>                                 |                   |                       |
|          | Fuel related Gains  |                   |                       |
|          | Receipts-Prior period   |                   |                       |
|          | Interest income-prior period  |                   |                       |
|          | Excess provision-Depreciation   |                   |                       |
|          | Excess Provision for Int&Fin Charges relating Prior                     | 396               | 4511                  |
|          | Other Excess Provision relating to Prior Period                         | 247,589           | 1140517               |
|          | Other income-prior period   |                   |                       |
|          | <b>TOTAL</b>  | <b>247985</b>     | <b>1145028</b>        |
| <b>2</b> | <b>Prior period expenses/losses</b>                                     |                   |                       |
|          | Short provision for power   |                   |                       |
|          | Fuel related losses & Expenses  |                   |                       |
|          | Operating Expenses of Previous Years                                    | -3,430,736        | 5940721               |
|          | Employee Costs Relating to Previous Years                               | -6,895            | 1963449               |
|          | Depreciation under provided   |                   |                       |
|          | Interest and Other Finance Charges Relating to                          | 439               | 141795                |
|          | Other charges   |                   |                       |
|          | Administrative Expenses Previous Years                                  | -11,550           | 11550                 |
|          |   | <b>-3448742</b>   | <b>8057515</b>        |
| <b>3</b> | <b>Net prior period (credits)/charges(1-2 or 2-1) as the case maybe</b> | <b>(3696727)</b>  | <b>6912487</b>        |

**FIXED ASSETS**  
**SCHEDULE – 19**

| ASSET GROUP                   | (Amount in Rs)                         |                   |                 |                  |  |  |                           |                           |                   |  |                                |                                |
|-------------------------------|--|-------------------|-----------------|------------------|--|--|---------------------------|---------------------------|-------------------|--|--------------------------------|--------------------------------|
|                               | GROSS BLOCK                            |                   |                 |                  | PROVISION FOR DEPRECIATION             |  |                           |                           |                   | NET BLOCK                              |                                |                                |
|                               | At the end of the year (as at 31.3.08) | Additions         | Deductions      | Reclassification | At the end of the year (as at 31.3.09) | At the end of the year (as at 31.3.08) | Depreciation for the year | Adjustments on Deductions | Reclassifications | At the end of the year (as at 31.3.09) | At the end of the year 2008-09 | At the end of the year 2007-08 |
| Land and Land Rights          | 17803321                               | 10,000            |                 |                  | 17813321                               | 0                                      |                           |                           |                   | 0                                      | 17813321                       | 17803321                       |
| Buildings                     | 210163778                              | 33,514,296        |                 |                  | 243678074                              | 89569466                               | 5,959,099                 |                           |                   | 95528565                               | 148149509                      | 120594312                      |
| Civil Works                   | 43583749                               | 41,313,961        |                 |                  | 84897710                               | 768715                                 | 1,756,014                 |                           |                   | 2524729                                | 82372980                       | 42815033                       |
| Plant and Machinery           | 8006790140                             | 2,618,423,735     | 24666437        |                  | 10600547438                            | 3511238967                             | 586,013,577               | 7,285,770                 |                   | 4089966774                             | 6510580663                     | 4495551173                     |
| Lines and Cable Network etc.  | 9202104642                             | 1,441,861,553     | 313828          |                  | 10643652367                            | 4681051994                             | 586,138,382               | 142,152                   |                   | 5267048224                             | 5376604144                     | 4521052649                     |
| Meters and Metering equipment | 1492063902                             | 263,427,009       |                 |                  | 1755490911                             | 799512577                              | 168,210,066               |                           |                   | 967722643                              | 787768268                      | 692551325                      |
| Vehicles                      | 22736460                               | 80,387            |                 |                  | 22816847                               | 20462818                               | 4,492                     |                           |                   | 20467310                               | 2349538                        | 2273643                        |
| Furniture and Fixtures        | 30833510                               | 488,995           |                 |                  | 31322505                               | 24291006                               | 1,043,435                 |                           |                   | 25334441                               | 5988065                        | 6542505                        |
| Office Equipments             | 7305459                                | 759,794           |                 |                  | 8065253                                | 5126285                                | 314,461                   |                           |                   | 5440746                                | 2624508                        | 2179175                        |
| Computers and IT Equipments   | 125202258                              | 1,150,362         |                 |                  | 126352620                              | 48766558                               | 15,523,178                |                           |                   | 64289736                               | 62062883                       | 76435699                       |
| Air conditioners              | 1555743                                | 0                 |                 |                  | 1555743                                | 1077872                                | 70,056                    |                           |                   | 1147928                                | 407815                         | 477871                         |
| Low Value Assets              | 4993                                   | 6,534             |                 |                  | 11527                                  | 4993                                   | 6,534                     |                           |                   | 11527                                  | 0                              | 0                              |
| Devaluated assets             | 0                                      | 0                 |                 |                  | 0                                      | 0                                      | 0                         |                           |                   | 0                                      | 0                              | 0                              |
| <b>TOTAL</b>                  | <b>19160147955</b>                     | <b>4401036626</b> | <b>24980265</b> | <b>0</b>         | <b>23536204316</b>                     | <b>9181871251</b>                      | <b>1365039294</b>         | <b>7427921.51</b>         | <b>0</b>          | <b>10539482623</b>                     | <b>12996721693</b>             | <b>9978276705</b>              |

**FUNCTION WISE BREAKUP OF FIXED ASSETS**  
**SCHEDULE 20**

Amount in Rs.

| FUNCTION           | GROSS BLOCK                                     |                   |                 |                  | PROVISION FOR DEPRECIATION             |  |                           |                           | NET BLOCK        |  |                                |   |
|--------------------|---|-------------------|-----------------|------------------|--|--|---------------------------|---------------------------|------------------|--|--------------------------------|---|
|                    | At the end of the previous year (as on 31.3.08) | Additions         | Deductions      | Reclassification | At the end of the year (as on 31.3.09) | At the end of the year (as on 31.3.08) | Depreciation for the year | Adjustments on Deductions | Reclassification | At the end of the year (as on 31.3.09) | At the end of the year 2008-09 | At the end of the previous year (2007-08) |
| Thermal Generation |   |                   |                 |                  |  |  |                           |                           |                  |  |                                |   |
| Hydel Generation   |   |                   |                 |                  |  |  |                           |                           |                  |  |                                |   |
| Transmission       |   |                   |                 |                  |  |  |                           |                           |                  |  |                                |   |
| Distribution       | 19160147955                                     | 4401036626        | 24980265        | 0                | 23536204316                            | 9181871251                             | 1365039294                | 7427922                   | 0                | 10539482623                            | 12996721693                    | 9978276705                                |
| <b>TOTAL</b>       | <b>19160147955</b>                              | <b>4401036626</b> | <b>24980265</b> | <b>0</b>         | <b>23536204316</b>                     | <b>9181871251</b>                      | <b>1365039294</b>         | <b>7427922</b>            | <b>0</b>         | <b>10539482623</b>                     | <b>12996721693</b>             | <b>9978276705</b>                         |

**CAPITAL EXPENDITURE IN PROGRESS**  
**SCHEDULE 21**

| Sl.No.   | PARTICULARS  | This Year<br>2008-2009 | Balance at the end of the<br>previous year(2007-08) |
|----------|--|------------------------|---|
|          |  | (Amount in Rs)         |   |
| 1        | Assets Under Construction (CWIP)   | 3227187573             | 4626994433  |
| 2        | Contracts-in-progress  | 0                      | 0   |
| <b>3</b> | <b>Sub-total</b>   | <b>3227187573</b>      | <b>4626994433</b>                                   |
| 4        | Interest during construction (IDC) capitalised (Revenue Exp.pending allocation over capital works) | 0                      | 0   |
| 5        | Provision for completed works  | 0                      | 0   |
| 6        | Construction facilities (Less provision for depreciation   | 0                      | 0   |
| 7        | <b>Assets at construction state (3 to 6)</b>   | <b>3227187573</b>      | <b>4626994433</b>                                   |
| 8        | Advances for Suppliers/Contractors (Capital)   | 0                      | 0   |
| <b>9</b> | <b>TOTAL</b>   | <b>3227187573</b>      | <b>4626994433</b>                                   |

ASSETS NOT IN USE  
SCHEDULE 22

| Balance at the beginning of the previous year | Additions during the previous year | Deductions during the previous year | Asset Group                                     |                          | Balance at the end of the previous year | Additions during the year | Deductions during the year | Balance at the end of this year 31.3.09 |
|---|------------------------------------|-------------------------------------|---|--------------------------|---|---------------------------|----------------------------|---|
| Rs.   | Rs.                                | Rs.                                 |   |                          | Rs.                                     | Rs.                       | Rs.                        | Rs.                                     |
|   |                                    |                                     | Written down value of Obsolete, Scrapped Assets | Land and rights          |   |                           |                            |   |
|   |                                    |                                     |   | Buildings                |   |                           |                            |   |
|   |                                    |                                     |   | Hydraulic works          |   |                           |                            |   |
|   |                                    |                                     |   | Other civil works        |   |                           |                            |   |
|   |                                    |                                     |   | Plant & Machinery        |   |                           |                            |   |
|   |                                    |                                     |   | Lines and Cable net work |   |                           |                            |   |
|   |                                    |                                     |   | Vehicles                 |   |                           |                            |   |
|   |                                    |                                     |   | Furniture & Fixtures     |   |                           |                            |   |
|   |                                    |                                     |   | Office equipment         |   |                           |                            |   |
|   |                                    |                                     |   | <b>TOTAL</b>             |   |                           |                            |   |

**DEFERRED COSTS  
SCHEDULE 23**

| Balance in the beginning of the previous year | Costs deferred during the previous year | Costs charges to revenue during the previous year | Particulars   | Balance at the end of the previous year | Costs deferred during the year(2008-09) | Costs charged to revenue during the year (2008-2009) | Balance at the end of this year (2008-2009) |
|---|---|---|---|---|---|--|---|
| Rs.   | Rs.                                     | Rs.   |   | Rs.                                     | Rs.                                     | Rs.  | Rs.   |
|   |   |   | a) Deferred Revenue Expenditure   |   |   |  |   |
|   |   |   | Compensation for premature takeover of Licensee                             |   |   |  |   |
|   |   |   | Cost of repairs deferred in respect of KTPS VII Unit                        |   |   |  |   |
|   |   |   | <b>Total Deferred Revenue Expenditure</b>                                   |   |   |  |   |
|   |   |   | b) Expenditure on Survey/Feasibility studies of projects not yet sanctioned |   |   |  |   |
|   |   |   | Discount on Bonds, Stock etc.,  |   |   |  |   |
|   |   |   | Expenses incurred on raising finances                                       |   |   |  |   |
|   |   |   | Consultancy charges collected by REC  |   |   |  |   |
|   |   |   | <b>Total (b)</b>  |   |   |  |   |
|   |   |   | <b>Total Deferred costs</b>   |   |   |  |   |

**INTANGIBLE ASSETS**  
**SCHEDULE - 24**

|                   |  |              |            |                  |  |  |                           |                           |                   |  | (Amount in Rs)                 |                                |
|-------------------|--|--------------|------------|------------------|--|--|---------------------------|---------------------------|-------------------|--|--------------------------------|--------------------------------|
| ASSET GROUP       | GROSS BLOCK                            |              |            |                  | PROVISION FOR AMORTISATION             |  |                           |                           |                   | NET BLOCK                              |                                |                                |
|                   | At the end of the year (as at 31.3.08) | Additions    | Deductions | Reclassification | At the end of the year (as at 31.3.09) | At the end of the year (as at 31.3.08) | Amortization for the year | Adjustments on Deductions | Reclassifications | At the end of the year (as at 31.3.09) | At the end of the year 2008-09 | At the end of the year 2007-09 |
| Intangible Assets | 9447700                                | 77,687       | 0          |                  | 9525387                                | 3500451                                | 1,889,583                 | 0                         | 0                 | 5390034                                | 4135353                        | 5947249                        |
| <b>TOTAL</b>      | <b>9447700</b>                         | <b>77687</b> | <b>0</b>   | <b>0</b>         | <b>9525387</b>                         | <b>3500451</b>                         | <b>1889583</b>            | <b>0</b>                  | <b>0</b>          | <b>5390034</b>                         | <b>4135353</b>                 | <b>5947249</b>                 |

**SCHEDULE 25  
INVESTMENTS**

(Amount in Rs)

| Balance in the beginning of the previous year | Further Investments during the previous year | Investments realized / transferred during the previous year |   | Investments   | Balance at the end of the previous year | Further Investments during the year 2008-2009 | Investments realized / transferred during the year 2008-2009 | Balance at the end of this year 2008-2009 | Details of Investment certificates pledged or given as a security deposit |
|---|--|---|---|---|---|---|--|---|---|
|   | 0  |   | 1 | Investments against funds   | 0                                       |   |  | 0   |   |
| 121776419                                     | 8693581                                      |   |   | Investments against contingency reserve fund-Long Term            | 130470000                               | 5,000,000                                     |  | 135470000                                 |   |
|   |  |   |   | Investments against Gratuity Fund (Emp.appointed after 01.2.1999) |   | 53,408,546                                    |  | 53408546                                  |   |
| <b>121776419</b>                              | <b>8693581</b>                               | <b>0</b>  |   | <b>Sub-total</b>  | <b>130,470,000</b>                      | <b>58,408,546</b>                             | <b>0</b>   | <b>188,878,546</b>                        |   |
|   |  |   | 2 | Investments other than fund Investments (short term Deposits)     | 0                                       |   |  | 0   |   |
| 1000000                                       |  | 1000000   |   | Investment in pension fund- Long Term                             | 0                                       |   |  | 0   |   |
| 1000000                                       |  | 1000000   |   | Investment in P F Trust- Long Term                                | 0                                       |   |  | 0   |   |
| 0   |  |   |   | I.D.B.I. Bonds- Long Term   | 0                                       |   |  | 0   |   |
| <b>2000000</b>                                | <b>0</b>                                     | <b>2000000</b>  |   | <b>Sub-total</b>  | <b>0</b>                                | <b>0</b>                                      | <b>0</b>   | <b>0</b>                                  |   |
|   |  |   | 3 | Investments in subsidiaries                                       |   |   |  |   |   |
|   |  |   |   | <b>Sub-total</b>  |   |   |  |   |   |
|   |  |   | 4 | Investments in partnership/joint ventures                         |   |   |  |   |   |
| 2635507                                       |  |   |   | Share Capital in APGPCL   | 2635507                                 |   |  | 2635507                                   |   |
| 2635507                                       | 0  | 0   |   | Share capital in RESCOs   | 2635507                                 | 0   | 0  | 2635507                                   |   |
| <b>126411926</b>                              | <b>8693581</b>                               | <b>2000000</b>  |   | <b>Grand Total</b>  | <b>133,105,507</b>                      | <b>58,408,546</b>                             | <b>0</b>   | <b>191,514,053</b>                        |   |



**TOTAL CURRENT ASSETS**  
**SCHEDULE 26**

| Sl.No. | CURRENT ASSETS                      | SCHEDULE No. | This Year<br>2008-2009 | Balance at the end of the<br>previous year(2007-08) |
|--------|-------------------------------------|--------------|------------------------|---|
|        |                                     |              | (Amount in Rs)         |   |
| 1      | Stocks                              | 26 (a)       | 523995495              | 624970968   |
| 2      | Receivables against supply of power | 26 (b)       | 3789445592             | 3150671410  |
| 3      | Cash and Bank Balances              | 26 (c)       | 3268118187             | 1529838312  |
| 4      | Loans and Advances                  | 26 (d)       | 295784895              | 262222992   |
| 5      | Sundry Receivables                  | 26 (e)       | 12485102470            | 5615926703  |
|        | <b>TOTAL</b>                        |              | <b>20362446638</b>     | <b>11183630385</b>                                  |

**STOCKS**  
**SCHEDULE 26 (a)**

| Sl.No. | PARTICULARS   | This Year<br>2008-2009 | Balance at the end of the previous<br>year (2007-08) |
|--------|---|------------------------|--|
|        |   | (Amount in Rs)         |  |
| 1      | Fuel stocks   |                        |  |
| 2      | Coal in transit                                       |                        |  |
| 3      | Oil in transit  |                        |  |
| 4      | Stock of materials at construction stores             |                        |  |
| 5      | Stock of materials at other stores                    | 607,662,583            | 713,511,025  |
| 6      | Material at Site / Transit                            | 9,331,688              | 13,448,054   |
| 7      | Materials pending inspection & in Transit             |                        |  |
| 8      | WIP Stocks - Poles and Fabrication                    | 44,335,106             | 35,345,773   |
| 9      | Fuel stock excess/shortages pending investigation     |                        |  |
| 10     | Materials stock excess/shortage pending investigation | 1,294,936              | 1,294,934  |
|        | <b>Sub -Total</b>                                     | <b>662624313</b>       | <b>763599786</b>                                     |
| 11     | Less Provision for Recovery/Write off of Materials    | 138628818              | 138628818  |
|        | <b>Total</b>  | <b>523995495</b>       | <b>624970968</b>                                     |



**RECEIVABLES AGAINST SUPPLY OF POWER**  
**SCHEDULE 26(b)**

| Sl.No. | PARTICULARS   | This year<br>2008-2009 | Balance at the end of the<br>previous year (2007-08) |
|--------|---|------------------------|--|
|        |   | (Amount in Rs)         |  |
| 1      | Debtors-Sale of Power   | 3,711,494,279          | 2,344,363,277  |
| 3      | Debtors - Electricity Duty  | 61,896,384             | 65,193,665   |
|        | <b>Sub - Total</b>  | <b>3,773,390,663</b>   | <b>2,409,556,942</b>                                 |
| 4      | Debtors - Unbilled  | 609,839,675            | 751,914,817  |
|        | Debtors - Delayed payment surcharge   | -19,547,013            | 1,130,197,044  |
|        | Debtors - Others  | 200,486,789            | 0  |
| 5      | Dues from Permanently disconnected consumers (net of security deposits forfeited) |                        |  |
| 6      | Sundry Debtors - Miscellaneous Receipts from consumers                            |                        |  |
|        | <b>Sub - Total</b>  | <b>790,779,451</b>     | <b>1,882,111,861</b>                                 |
| 7      | Less: Provision for doubtful Debts  | 774724522              | 1140997393   |
|        | Provision for Adjustment to past billing  |                        | 0  |
|        | Provision for Adjustment to FSA   |                        | 0  |
|        | <b>TOTAL</b>  | <b>3,789,445,592</b>   | <b>3,150,671,410</b>                                 |



CASH AND BANK BALANCES  
SCHEDULE 26(C)

| Sl.No. | PARTICULARS                    | This year<br>2008-2009 | Balance at the end of the previous year<br>(2007-08) |
|--------|--------------------------------|------------------------|--|
|        |                                | (Amount in Rs)         |  |
| 1      | Cash in Hand                   | 60,413,752             | 56,097,919   |
| 2      | Cash Imprests with staff       |                        | 0  |
| 3      | Cash at Bank                   | 2,662,192,728          | 835,659,516  |
| 4      | Cash in Transit                | 137,267,000            | 118,760,863  |
| 5      | short term deposits with banks | 408,244,707            | 519,320,014  |
|        | <b>TOTAL</b>                   | <b>3268118187</b>      | <b>1529838312</b>                                    |

**LOANS AND ADVANCES**  
**SCHEDULE 26(d)**

| Sl.No.   | PARTICULARS                                      | This year<br>2008-2009 | Balance at the end of the previous year<br>(2007-08) |
|----------|--|------------------------|--|
|          |  |                        | (Amount in Rs)                                       |
| 1        | Loans & Advances to O&M Supplies and Works       | 291,958,005            | 259,210,724  |
| 2        | Advances for Fuel supplies                       |                        |  |
| <b>3</b> | <b>Sub – Total</b>                               | <b>291958005</b>       | <b>259210724</b>                                     |
| 4        | Loans & Advances – Staff                         | 2,259,940              | 845,718  |
| 5        | EPF Arrears paid on behalf of Employees          | 1,566,950              | 2,166,550  |
| 6        | Loans and Advances to Licensees                  |                        | 0  |
| 7        | Advance Tax & TDS                                |                        | 0  |
|          | <b>TOTAL</b>                                     | <b>295784895</b>       | <b>262222992</b>                                     |
| 9        | Less : Provision for Doubtful Loans and Advances |                        |  |
|          | <b>TOTAL (8-9)</b>                               | <b>295784895</b>       | <b>262222992</b>                                     |

**SUNDRY RECEIVABLES**  
**SCHEDULE 26(e)**

| Sl.No. | PARTICULARS  | This year 2008-2009 | Balance at the end of the previous year (2007-08) |
|--------|--|---------------------|---|
|        |  | (Amount in Rs)      |   |
| 1      | Sundry Debtors - Trading Account                     | 18,230,627          | 39,163,400  |
| 2      | Receivable from DISCOMS - Power purchase A/C         | 510,406,173         | 163,854,971                                       |
| 3      | Receivables From Aptransco (Term Loans)              |                     |   |
| 4      | Income accrued and due on investments                |                     |   |
| 5      | Income Accrued                                       | 4,957,559           | 3,705,242   |
| 6      | Income accrued but not due                           |                     |   |
| 7      | Amount Recoverable from Employees/Ex Employee        | 70,642,789          | 75,719,834  |
| 8      | Miscellaneous receivables                            |                     |   |
| 11     | Revenue Subsidy/Grants Receivable                    | 11,971,293,682      | 3,457,454,880                                     |
| 12     | Other Subsidy Receivable-Govt.                       |                     | 876993682   |
|        | Receivable from GOAP. Interest on INDIRAMMA SCHEM (P | 834,230             | 0   |
| 13     | Subsidy Receivable from GOAP CC charges as on 31.3.  | 0                   | 991,143,590                                       |
| 14     | Receivables - Others Claims - Deposits               | 63,563,984          | 42,719,200  |
| 15     | Receivables for Power looms                          | -670554             | 467121  |
| 16     | Receivable from GOAP Surcharge SC, ST                | 54,432,466          | 51,889,379  |
|        | Receivable from GOAP SC, ST Customers                | -168,014,250        | -212,510,648                                      |
| 17     | Receivables - Apprentice Salary                      | 2,099,464           | 2,647,964   |
| 18     | Excess Payment of Interest on GOAP Loans             | 39,569,620          | 39,521,624  |
| 19     | Excess Payment of Electricity Duty to GOAP           | 102,770,983         | 114,202,760                                       |
| 20     | Inter Unit Accounts                                  | -3,916              | -3,916  |
| 21     | Receivables - Others                                 | 127,835             | 453,074   |
| 22     | Receivable from GOAP -Diff Tariff of Municipal Ser   | 3,911,569           | 4,944,012   |
| 23     | AP Genco P&G Master Trust                            | 45,225,470          | 48,397,119  |
| 24     | Discom Pension & Gratuity Trust                      | -234,275,261        | -84,836,585                                       |
|        | <b>TOTAL</b>   | <b>12485102470</b>  | <b>5,615,926,703</b>                              |
|        | Less: Reserve  |                     |   |
|        | <b>TOTAL</b>   | <b>12485102470</b>  | <b>5615926703</b>                                 |



**SECURITY DEPOSITS FROM CONSUMERS**  
**SCHEDULE 27**

| Sl.No. | PARTICULARS   | This Year 2008-2009 | Balance at the end of<br>previous year (2007-08) |
|--------|---|---------------------|--|
|        |   | (Amount in Rs)      |  |
| 1      | Security Deposits from consumers (in cash)            | 2,487,864,398       | 2,287,840,149                                    |
| 2      | Security Deposits from consumers (other than in cash) | 0                   | 0  |
| 3      | Interest Payable on Security Deposits - Consumers     | 129,883,508         | 124,234,345                                      |
|        | <b>TOTAL</b>  | <b>2617747907</b>   | <b>2412074494</b>                                |

**OTHER CURRENT LIABILITIES**  
**SCHEDULE 28**

| Sl.No. | PARTICULARS  | This year 2008-2009 | Balance at the end of the previous year (2007-08) |
|--------|--|---------------------|---|
|        |  | (Amount in Rs)      |   |
| 1      | Liability Power Purchase                               | 5,685,665,722       | 3,430,689,494                                     |
| 2      | Liability for purchase of power (Other than APTRANSCO) | 0                   | 0   |
| 2      | Liability for purchase of power APTransco (FSA)        | 64,975,021          | 64,975,021  |
| 3      | Liability -Materials, Works-Capital and O &M           | 875,391,692         | 409,118,742                                       |
| 4      | Liability for O&M supplies/Works                       | 0                   | 0   |
| 5      | Liability towards Transformers (OYT)                   | 4,160,090           | 4,160,090   |
| 6      | Staff Related Liabilities and Provisions               | 146,142,818         | 132,138,547                                       |
| 7      | Provision for EL Encashment                            | 710,771,328         | 658,985,263                                       |
| 8      | Provision for Gratuity-Employees after 1.2.99          | 71,459,830          | 54,184,091  |
| 9      | Deposits and Retentions from Vendors                   | 387,384,935         | 240,976,533                                       |
| 10     | RGVY Scheme Receipts and Expenditure                   | -204,480,733        | 9,506,456   |
| 11     | Liabilities -Electricity Duty & Other Levies           | 810,372             | -24,173   |
| 12     | Liability for Expenses                                 | 61,674,534          | 59,871,685  |
| 13     | Accrued Liability relating to borrowings               | 14,145,852          | 21,167,229  |
| 14     | Liabilities for Taxes                                  | 9,128,270           | 2,538,289   |
| 15     | Other Liabilities and provisions                       | 89,152,546          | 73,703,124  |
| 16     | Payable on account of working capital                  | 0                   | 0   |
| 17     | Deposits for Electrifications and Others               | 148,262,624         | 141,471,752                                       |
| 18     | Liability towards Kutir Jyoti Scheme                   | 0                   | 0   |
| 19     | Advances Receipts from Consumers                       | 220,486,789         | 20,000,000  |
| 20     | Liability Others                                       | 27,115,304          | 22,797,178  |
| 21     | Creditors Other Discoms on Power Purchase              | 3,390,814,786       | 2,383,436,574                                     |
| 24     | Liability - Trusts                                     | 5,084,477           | 30,045,262  |
|        | <b>TOTAL</b>   | <b>11708146258</b>  | <b>7759741157</b>                                 |

**SUBSIDY RECEIVABLE FROM GOVERNMENT**  
**SCHEDULE 29**

| Sl.No. | PARTICULARS                                       | This year<br>2008-2009 | Balance at the end of the<br>previous year (2007-08) |
|--------|---|------------------------|--|
|        |   | (Amount in Rs)         |  |
| 1      | Capital Subsidy/Grant Receivable                  |                        |  |
| 2      | Revenue Subsidy Grant Receivable                  |                        |  |
| 3      | Education Grant in aid receivable from Government |                        |  |
|        | <b>TOTAL</b>                                      |                        |  |



**BORROWINGS FOR WORKINGK CAPITAL**  
**SCHEDULE 30**

| Sl.No. | PARTICULARS                    | Account Code | This year<br>2008-2009 | Balance at the end of the previous year<br>(2007-08) |
|--------|--------------------------------|--------------|------------------------|--|
|        |                                |              | (Amount in Rs)         |  |
| 2      | Bank Overdraft / Cash credit   | 50.200       | 0                      | 0  |
| 3      | Borrowings for Working Capital | 50.300       | 7870000000             | 2150000000   |
|        | <b>TOTAL</b>                   |              | <b>7870000000</b>      | <b>2150000000</b>                                    |



**SCHEDULE 31**  
**PAYMENT DUE ON CAPITAL LIABILITIES**

(IN Rupees)

| Due at the beginning of the previous year | Becoming due during the previous year | Payments made during the previous year |   | Particulars                   | Balance at the end of the previous year | Becoming due during the year 2008-09 | Payments made during the year 2008-09 | Due at the end of the year 2008-09 |
|---|---------------------------------------|--|---|-------------------------------|---|--------------------------------------|---------------------------------------|------------------------------------|
| (Amount in Rs)                            |                                       |  |   |                               | (Amount in Rs)                          |                                      |                                       |                                    |
|   |                                       |  |   | REPAYMENTS DUE                |   |                                      |                                       |                                    |
|   |                                       |  | 1 | Loans from REC Ltd.           | 0                                       |                                      |                                       | 0                                  |
|   |                                       |  | 2 | Loans from P.F.C. Ltd.        | 0                                       |                                      |                                       | 0                                  |
|   |                                       |  | 3 | Govt. . .loans                | 0                                       |                                      |                                       | 0                                  |
| 0   |                                       | 0                                      | 4 | Accrued Interest Due to Govt. | 0                                       |                                      |                                       | 0                                  |
| 0   | 0                                     | 0                                      |   | <b>TOTAL</b>                  | <b>0</b>                                | <b>0</b>                             | <b>0</b>                              | <b>0</b>                           |

**SCHEDULE 32  
CAPITAL LIABILITIES**

| Outstanding at the beginning of the Previous year | Amount Received during the Previous year | Repayments during the Previous year |    | Particulars   | Details of Interest rate, moratorium and rate applicable at the end of the year | Balance at the end of the previous year | Amount received during the year | Repayments during the year | Outstanding at the end of the year 2008-2009 |
|---|--|-------------------------------------|----|---|---|---|---------------------------------|----------------------------|--|
| (Amount in Rs)                                    |  |                                     |    |   |   | (Amount in Rs)                          |                                 |                            |  |
| 212800000   |  |                                     | 1  | Vidyuth bonds                                       |   | 212800000                               | 0                               | 0                          | 212800000                                    |
| 6654422390  | 1493287797                               | 1013879534                          | 2  | Loan from REC Ltd                                   |   | 7133830653                              | 1646325100                      | 1193140776                 | 7587014977                                   |
| 0   |  |                                     | 3  | Loan from REC (DIRECT)                              |   | 0                                       |                                 |                            | 0  |
| 0   |  |                                     | 4  | REC Re-schedule loan                                |   | 0                                       |                                 |                            | 0  |
| 0   |  |                                     | 5  | Banks under SPA Schemes                             |   | 0                                       |                                 |                            | 0  |
| 0   |  |                                     | 6  | Loan from APCO Bank Ltd.                            |   | 0                                       |                                 |                            | 0  |
| 203581276   | 58293883                                 | 86086973                            | 7  | Loan from PFC Ltd.                                  |   | 175788186                               | 127500000                       | 91927671                   | 211360515                                    |
| 395768386   | 0  | 52189236                            | 8  | Loan from ICICI                                     |   | 343579150                               | 0                               | 52189236                   | 291389914                                    |
| 123505549   | 0  | 15438192                            | 9  | Loan from Bank of Baroda                            |   | 108067357                               | 0                               | 15438192                   | 92629165                                     |
| 0   |  |                                     | 10 | Loan from National Insurance                        |   | 0                                       |                                 |                            | 0  |
| 0   |  |                                     | 11 | Loan from New India Assurance                       |   | 0                                       |                                 |                            | 0  |
| 0   |  |                                     | 12 | Loan from United India Insurance                    |   | 0                                       |                                 |                            | 0  |
| 0   |  |                                     | 13 | Loan from Unit Trust of India                       |   | 0                                       |                                 |                            | 0  |
| 0   |  |                                     | 14 | Loan from Peerless General Finance & Investment Co. |   | 0                                       |                                 |                            | 0  |
|   |  |                                     | 15 | Long term - Pension Bonds                           |   |   |                                 |                            | 0  |
|   |  |                                     | 16 | Long term - Provident fund Bonds                    |   |   |                                 |                            | 0  |
| 7590077601  | 1551581680                               | 1167593935                          |    | <b>Total Guaranteed Loans :</b>                     |   | 7974065346                              | 1773825100                      | 1352695875                 | 8395194571                                   |

**SCHEDULE 33**  
**FUNDS FROM STATE GOVERNMENT AND SHARE CAPITAL**  
**LOANS FROM STATE GOVERNMENT**

| Outstanding at the beginning of the Previous year | Amount Received during the Previous year | Repayments during the Previous year |   | Particulars                         | Details of Interest rate, moratorium and rate applicable at the end of the year | Balance at the end of the previous year | Amount received during the year | Repayments during the year | Outstanding at the end of the year 2008-2009 |
|---|--|-------------------------------------|---|-------------------------------------|---|---|---------------------------------|----------------------------|--|
| (Amount in Rs)                                    |  |                                     |   |                                     |   | (Amount in Rs)                          |                                 |                            |  |
| 371109267   | 26617110                                 | 69657110                            | 1 | Loans advanced by Government of A.P | 4.75% to 14%  | 328069267                               | 0                               | 31508000                   | 296561267                                    |

**SCHEDULE 33**  
**SHARE CAPITAL**

| Outstanding at the beginning of the Previous year | Amount Received during the Previous year | Repayments during the Previous year |   | Particulars                                | Details of Interest rate, moratorium and rate applicable at the end of the year | Balance at the end of the previous year | Amount received during the year | Repayments during the year | Outstanding at the end of the year 2008-2009 |
|---|--|-------------------------------------|---|--|---|---|---------------------------------|----------------------------|--|
| (Amount in Rs)                                    |  |                                     |   |  |   | (Amount in Rs)                          |                                 |                            |  |
| 2747639090  | 0  | 0                                   | 2 | Share capital from State Govt./ AP TRANSCO |   | 2747639090                              | 0                               | 0                          | 2747639090                                   |



**SCHEDULE 34**  
**CONTRIBUTIONS, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS**

| Balance at the beginning of the previous year | Received during the previous year | Particulars   | Account Code | Balance at the end of the previous year | Additions during the year | Total at the end of the year(31-3-09) |
|---|-----------------------------------|---|--------------|---|---------------------------|---------------------------------------|
|   |                                   |   |              | <b>(Amount in Rs)</b>                   |                           |                                       |
| 2298347534                                    | 432999782.3                       | Consumers' Contributions                            | 55.100       | 2731347316                              | 505,531,161               | 3236878477                            |
| 0   | 0                                 | Subsidies towards cost of Capital assets (IDIRAMMA) | 55.200       | 0                                       | 20,347,000                | 20347000                              |
| 0   | 0                                 | Grants towards cost of Capital Assets'              | 55.300       | 0                                       | 0                         | 0                                     |
| <b>2298347534</b>                             | <b>432999782.3</b>                | <b>TOTAL</b>  |              | <b>2731347316</b>                       | <b>525878161</b>          | <b>3257225477</b>                     |

**SCHEDULE 35**  
**RESERVE AND RESERVE FUNDS**

| Balance at the beginning of the Previous year | Additions during the previous year | Deductions during the previous year | Sl. No. | Particulars  | Balance at the end of the previous year | Additions during the year | Deductions during the year | Balance at the end of the year 2008-2009 |
|---|------------------------------------|-------------------------------------|---------|--|---|---------------------------|----------------------------|--|
| (Amount in Rs)                                |                                    |                                     |         |  | (Amount in Rs)                          |                           |                            |  |
| 0   |                                    |                                     | 1       | Capital Reserve                                      | 0                                       |                           |                            | 0  |
| 127015708                                     | 11280440                           | 1222495                             | 2       | Contingency reserve fund                             | 137073653                               | 11576177                  |                            | 148649830                                |
| 0   |                                    |                                     | 3       | Other Reserves and Reserve funds                     | 0                                       |                           |                            | 0  |
| 0   |                                    |                                     | 4       | Exchange variance reserve                            | 0                                       |                           |                            | 0  |
| 0   | 227430394                          | 227430394                           | 5       | General Provident Fund                               | 0                                       |                           |                            | 0  |
| 0   |                                    |                                     | 6       | G.P.F. Impounded DA                                  | 0                                       |                           |                            | 0  |
| 0   |                                    |                                     | 7       | E.D.P.F.   | 0                                       |                           |                            | 0  |
| -0.1  | 10046274                           | 10046274                            | 8       | Group Insurance insurance fund- Savings Fund & F B F | 0                                       |                           |                            | 0  |
| -0.0200001                                    | 1086287146                         | 1086287146                          | 9       | Pension/Gratuity Fund                                | 0                                       |                           |                            | 0  |
| 127015707.9                                   | 1335044254                         | 1324986309                          |         | <b>Sub Total</b>                                     | <b>137073653</b>                        | <b>11576177</b>           | <b>0</b>                   | <b>148649829</b>                         |

For and on behalf of the Board of Directors

As per our report of even date

B.V.RAO & CO  
CHARTERED ACCOUNTANTS

Sd/-  
B.A.S.P. RANGA  
Partner  
(Member No. 022649)  
Date: 30-07-2009

Sd/-  
(CH.NARASIMHA REDDY)  
Chairman & Managing Director

Sd/-  
(M.Venkatnarayana)  
Chief General Manager (Expr.)  
Date: 30-07-2009

Sd/-  
(C.S. SUNDARA MURTHY)  
Director (Finance)

Sd/-  
(K.Venkatesham)  
Company Secretary

## STATEMENT OF ACCOUNTING POLICIES

### STATEMENT –4

The Annual Accounts of the company have been prepared as per Electricity (Supply) Annual Accounts Rules (ESAAR), 1985 as notified by Central Government under Electricity (Supply) Act, 1948 and Companies Act, 1956 where ever the Company has adopted the provisions thereof. The accounting principles/accounting policies enunciated in ESAAR, 1985 are not in total consonance with the Accounting Standards AS2, AS3, AS6, AS10, AS12, AS16 and AS22 referred to in Section 211 (3C) of the Companies Act, 1956. The Significant Accounting Policies adopted by the Company are as follows.

#### SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Preparation:** The Financial statements have been prepared under the historical cost convention on accrual basis to comply in all material respects with the accounting policies and principles enunciated in ESAAR, 1985 except in the case of Interest on Family Benefit Fund and certain non recurring items such as incidental cost of raising finances which are accounted on cash basis.
2. a) Fixed assets are shown at historical cost except for the assets transferred under Second Transfer Scheme.  
b) In-respect of Fixed Assets built/constructed/fabricated, the following costs are capitalized:
  - All direct costs.
  - Relevant borrowing costs.
  - Employee cost and other administrative expenses computed at 10% (8.5% for the former and 1.5% for the latter) of the material and labour costs and this amount is reduced from salary expenses and from other administrative expenses.
3. **Capital Work-In-Progress.**  
The expenses, including incidental expenses (relevant borrowing costs and 10% of the material and labour costs), incurred towards capital works in progress is accumulated in various work orders and the same is capitalized on the basis of initial accounts submitted by the field officials
4. Investments are valued at acquisition cost.
5. Stock at stores including non-moving, obsolete and unserviceable stores and raw material at pole and fabrication centre like cement and steel, are valued at weighted average cost.
6. Scrap is valued at standard rate.
7. **Income recognition:**  
Sale of power and other income except delayed payment surcharge are recognized on accrual basis and delayed payment surcharge is recognized on realization basis.
8. **Subsidies & contributions.**
  - Grants received in the form of non-monetary assets are valued at Re. 1 per asset irrespective of its value.
  - Tariff Subsidy from the Government of Andhra Pradesh (GOAP) is accounted as revenue under income head which is as per the Tariff Order issued by the APERC.

- The Contributions received from consumers towards capital assets are taken to revenue over a period of 12.75 years commencing from the year in which they are received.
- Support from GOAP towards additional power purchase expenditure is accounted as additional Subsidy under income head as per the communication from the GOAP.

9. Depreciation:

- The Company is following depreciation rates as notified by the Ministry of Power, Government of India through Gazette Notification S.O.266(E), Dated 29<sup>th</sup> March 1994 issued under Electricity (Supply) Act, 1948 for tangible fixed assets. Accordingly, 90% of the cost of an asset is written off on a straight-line method over the 'estimated useful life of the asset'.

Depreciation is provided from the date of capitalization at the rates as stated in the above Para on the fixed assets in use at the beginning of the year and on additions during the year from the date of put to use.

- Incase of Intangible assets depreciation has been charged @ 20% on straight line basis.

10. Retirement Benefits

- Contribution towards pension in respective of employees and retired employees appointed before 01-02-1999 and towards gratuity for all employees are made as per actuarial valuation.
- Provision for encashment of Earned Leave is made on actuarial valuation.

As per our report of even date  
For B.V.Rao & Co.  
CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

Sd/-  
B.A.S.P.Ranga  
Partner  
(Member No. 022649 )

Sd/-  
Ch.Narasimha Reddy  
Chairman & Managing Director

Sd/-  
C.S.Sundara Murthy  
Director (Finance)

Date :30-07-2009

Sd/-  
K. Venkatesham  
Company Secretary  
Date:30-07-2009

Sd/-  
M. Venkatnarayana  
Chief General Manager (Exp.)

## NOTES TO ACCOUNTS

### Statement – 5

1. a) Govt. of A.P vide G.O.Ms.No.59 Dated 07-06-2005 set up an apex committee “AP Power Coordination Committee (APPCC)” for the purpose of power procurement, debt servicing, unscheduled interchange charges, and SLDC charges , Inter-State trade and operation of common pool account of four DISCOMS. As per the above mechanism, Pool account was operated by APPCC.  
b) The company has made Inter-state sales and Inter DISCOM sales including UI of Rs178.52 Crores(P.Y.Rs. 184.98 crores) during the year and the selling price of said sales is adopted as fixed by APPCC based on the directions issued in GO. Ms No.58 dated 07-06-2005 and subsequent working instructions.  
c) The figures of purchase, Inter-state sales and Inter DISCOM sales of power as communicated by the APPCC are adopted by the Company.  
d) The Bank balances include allocated amount of RS. 203.54 Crores (P.Y Rs.56.63 Crores) of the balances in the Bank Accounts held in the name of AP Power Distribution Pool A./C and one account APCPDC LTD and operated by APPCC.
2. The power purchase bills, debit/credit notes raised by the Generators are subject to revision at a later date the results of which are to be shared by DISCOM’s in the ratio specified in the Gazette Notification.
3. a) The Assets and Liabilities of the Company as on 31.03.2009 include the balances transferred to the company as per the Second Transfer Scheme notified by the GOAP vide G.O.Ms.No.35, Energy (Power-III) and Third Transfer Scheme notified by the GOAP vide G.O.Ms.No. 58, Energy (Power-III), dated 07-06-2005.  
b) The Government of Andhra Pradesh (GOAP) vide G.O.Ms No. 58, Energy (Power-III), dated 07-06-2005 notified the transfer of Bulk Supply Undertaking and Power Purchase Agreements from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to the four Distribution Companies (DISCOMs), in specified ratios, as on 09-06-2005. The share of the Company in generation capacities of all generating stations allocated to the four DISCOMs is 16.92%.The GOAP has,vide G.O.Ms No. 53, Energy (Power-III), dated 28-04-2008, amended the share of four DISCOMs Generating Stations as per which the revised share of APNPDCL is 15.87%. This G.O shall be deemed to have come in to force with retrospective effect from 09-06-2005. The retrospective implementation of the G.O. involves so many calculations, revisions, etc. The Andhra Pradesh Power Co-ordination Committee (APPCC) is in the process of requesting the GOAP to amend the date of implementation from July, 2008 onwards. On receipt of the reply from GOAP, action will be taken uniformly along with the other DISCOMs. As such, the accountal of purchase of power in schedule 6 is based on pre-revised percentage of 15.87.  
c)As per the provisions of that Third Transfer Scheme, all pending proceedings of whatever nature by or against APTRANSCO pending as on effective day shall be continued by or against the transferee. Further the rights and obligations of all persons in respect of Bulk Supply Undertaking shall be restricted to the transferee, not withstanding any thing to the

contrary contained in any deed, document, instrument, agreement or arrangement which such persons may have entered into with APTRANSCO and such persons shall not claim any right or interest against APTRANSCO and / or the state Government in connection there with.

4. The Billing for all consumers is based on tariff approved by APERC and is done on monthly basis except for non-industrial consumers in small villages where the billing is done on a bi-monthly basis.
5. Sale of power given in Schedule No. 3 is based on the recorded consumption in respect of all categories except in case of category LT 5- Agriculture where consumption has been arrived at by taking the loads (in HP) of each Mandal as per the sample meter reading data and average consumption per HP.
6. Quantitative Details of Purchase and Sale of Power are furnished in Statement No.9.
7. Wheeling charges are not recognized as income, pending settlement of the dispute by the Honourable Supreme Court.
8. Interest expenses are net of rebates and incentives received. The interest expenses capitalized to the tune of Rs22.07 Crores(P.Y.Rs.13.71 crores)as per para no. 2b of statement 4.
9. Employee cost includes provisions of Rs 53.42 crores (P.Y. Rs. 25.44 crores) for Pension and Gratuity liability for employees appointed before 01.02.99 based on actuarial valuation report as on 31.3.2009 and Rs.1.72 crores(P.Y.Rs. 0.10crores) for Gratuity for employees appointed after 01.2.1999 and Rs.5.17 crore (P.Y.Rs. 0.30 crores) for leave encashment for all the employees based on the actuarial valuation report as on 31.3.2009. The expenses capitalized to the tune of Rs. 18.95 crores (P.Y.Rs. 19.87 crores) as per para no. 2b of Statement 4.
10. The FSA claims/rebate settlement is pending for the period from 01-01-2006. However, there will be no impact on the revenue account as the same will be passed on to consumers.
11. a) The details of investments are here under:

| S.No. | Classification of Investment | 2008-09<br>Amount in Rs. Crores | 2007-08<br>Amount in Rs crores |
|-------|------------------------------|---------------------------------|--------------------------------|
| 1     | Government securities        | 6.62                            | 7.85                           |
| 2     | Bonds / Debentures           | 6.92                            | 5.20                           |
| 3     | Shares in RESCO, Sirisilla   | 0.26                            | 0.26                           |

| Classification of Investment | 2008-09<br>Amount in Rs. Crores | 2007-08<br>Amount in Rs crores |
|------------------------------|---------------------------------|--------------------------------|
| Long Term Investments        | 13.80                           | 13.31                          |
| Current Investments          | ---                             | ---                            |

|          |       |       |
|----------|-------|-------|
| Quoted   | 13.54 | 13.05 |
| Unquoted | 0.26  | 0.26  |

( Excluding Rs.5.34 invested in LIC towards Gratuity Fund of Employees appointed after 01.2.1999.)

No quotations are available as on 31.03.2009 for the quoted investments.

Long Term Investments / quoted investments represent contingency reserve investment.

b) RESCO, Siricilla is yet to effect the transfer of shares of Rs.0.26 crores in favour of the Company.

12. Inventories:

Inventories are net of provision of Rs.13.86 crores(PY.13.86Cr.) for slow-moving, damaged and obsolete inventories and the same is considered as adequate by the management.

The inventory position is as follows:

|                          |             |
|--------------------------|-------------|
| Opening Stock            | Rs. 71.35Cr |
| Receipts during the year | Rs.181.73Cr |
| Issues during the year   | Rs.192.32Cr |
| Closing Stock            | Rs. 60.77Cr |

13. Sundry Debtors and Creditors:

The unreconciled balance of Rs.114.41 Crores in Sundry Debtors as on 1.4.2008 is written back and included in Extra-ordinary items

14. Cash and Bank balances include cheques and DD's on hand amounting to Rs. 13.72 crores (P.Y.Rs. 11.87 crores) as on 31-03-2009 in various Units.

15. The company has insured the vehicles, cash in transit and cash on hand and other assets of the company are not insured.

16. Loans given to the employees are secured.

17. The Security Deposits from Consumers as on 31.03.2009 are Rs.248.79 crores(P.Y.Rs. 228.78 Crores). The deposits of more than Rs.60/- each carry an interest @ 6% per annum as per APERC tariff order.

18. Reconciliations and confirmations:

The balances in sundry debtors, sundry creditors, other receivable/claims, deposits, retention money, deposits for service connections etc. as on 31-03-2009 are subject to conformation and reconciliation and there are long pending items in bank reconciliation statements.

In the opinion of the management, the adjustments, if any, required are not likely to be Material / significant and they will not have any significant impact on the Revenues.

19. The Loans taken by the Company from REC Ltd., PFC Ltd.& Banks to the tune of Rs.474.99 Crores

(P.Y. 318.73 crores) are secured against the fixed assets and receivables of the Company and all loans are guaranteed by the Government of Andhra Pradesh (GOAP).

20. Rajiv Gandhi Grameena Vidyudeekarana Yojana (RGGVY) Works.

a) As per the Tripartite Agreement among REC, GOAP, and APNPDCL dated 12-08-2005, GOAP shall be the owner of the assets created on implementation of the individual projects sanctioned by the REC under the national program and the company is to operate and maintain these assets to effect power supply in the project areas and derive consequential benefits out of the assets created under the project.

b) A Sum of Rs 20.45 Crores receivable (P.Y.Rs. 0.96 Crores payable) being the net of amounts received and spent as per the scheme is shown as Payable to GOAP in Schedule No.28 and the same is subject to confirmation and reconciliation.

**21. P:IE-Urban (INDIRAMMA) Works:**

a) As per the Tripartite Agreement among REC, GOAP, and APNPDCL dated 12-08-2005, NPDCL shall be the owner of the assets created on implementation of the individual projects sanctioned by the REC under Government program .

b) A Sum of Rs 2.03 Crores (PY Rs.NIL)received from GAOP during the year are shown under the head Capital Grants.

**22. Loans and Advances to Directors – NIL.**

**23. Payments and Benefits to Managing and Other Directors:**

(Rs. In Lakhs)

| SNO | Particulars                                      | Managing Director<br>08-09<br>(07-08) | Other Directors<br>08-09<br>(07-08) |
|-----|--|---------------------------------------|-------------------------------------|
| 1   | Salary / Remuneration                            | 10.03<br>(3.91)                       | 11.42<br>(13.26)                    |
| 2   | Traveling Expenses                               | 0.84<br>(0.79)                        | 1.28<br>(2.01)                      |
| 3   | Telephone, Conveyance and other such perquisites | 3.84<br>(2.19)                        | 6.13<br>(6.18)                      |
|     | <b>Total:</b>                                    | <b>14.71<br/>(6.87)</b>               | <b>8.83<br/>(21.45)</b>             |

**24. Related party transactions:**

Transactions with following parties are considered as related party transactions.

Rs. Cr.

| SL. No | Name of the Related party | Relation ship | Nature of transaction         | Volume of transaction | O/s as on 31-3-2009 |
|--------|---------------------------|---------------|-------------------------------|-----------------------|---------------------|
| 1      | Key management Personnel  | Directors     | Salary, TA and other benefits | 0.24                  | Nil                 |

**25. The company has identified the following as contingent liabilities:**

I. The following is the LC's opened for generators for getting rebate for timely payment for the year 2008-09:

| Sl.No. | Name of the Generator | Amount Rs.In.Cr | LC Validity Upto |
|--------|-----------------------|-----------------|------------------|
| 1      | NTPC                  | 16.25           | 30.04.2009       |
| 2      | NFC/KAIGA             | 20.91           | 08.04.2010       |
| 3      | PGCIL-SR              | 6.66            | 31.03.2010       |
|        | <b>Total</b>          | <b>43.82</b>    |                  |

II. Legal Cases pending with various courts as on 31.3.2009:

| Sl.No. | Name of the Circle | No. of Cases | Amount<br>Rs. In crores |
|--------|--------------------|--------------|-------------------------|
| 1      | Warangal           | 269          | 1.80                    |
| 2      | Karimnagar         | 66           | 2.02                    |
| 3      | Khammam            | 130          | 7.60                    |
| 4      | Nizamabad          | 129          | 2.75                    |
| 5      | Adilabad           | 374          | 0.59                    |
| 6      | Corporate Office   | 30           | 0.00                    |
|        | <b>Total</b>       | <b>998</b>   | <b>14.76</b>            |

III. There are 15 Purchase Orders placed with a value of Rs. 15.31 crores remained un-executed as at 31.3.2009.

IV. The Statutory Liabilities cases pending in various tribunals etc.:

| Amount involved<br>In crores | Nature of statutory liability            | Year      | Forum of dispute |
|------------------------------|--|-----------|------------------|
| Rs. 1.57                     | Entry Tax                                | 2002-2003 | APSTAT           |
| Rs. 1.25                     | Entry Tax                                | 2003-2004 | ADC(CT)          |
| Rs. 0.51                     | Entry Tax                                | 2004-2005 | APSTAT           |
| Rs. 0.35                     | Entry Tax                                | 2005-2006 | ADC(CT)          |
| Rs. 1.04                     | Entry Tax                                | 2006-2007 | ADC(CT)          |
| Rs. 0.52                     | Entry tax                                | 2007-2008 | ADC(CT)          |
| Rs. 0.07                     | CST                                      | 2000-2001 | ADC(CT)          |
| Rs. 0.005                    | Interest on A2 & CST returns late filing | 2000-2001 | APSTAT           |
| Rs. 0.002                    | -- do --                                 | 2001-2002 | APSTAT           |
| Rs. 0.002                    | --- do --                                | 2002-2003 | APSTAT           |
| Rs. 0.001                    | --- do --                                | 2003-2004 | APSTAT           |

In view of the A.P High court judgement in an identical case, these demands are likely to be cancelled and amounts paid by the company under protest are likely to be refunded to the company

26. During the year no sub-station has been closed.

27. Aggregate amount of capital liabilities falling due for repayment/Redemption in next year:

(Rs. In Crores)

| SL.NO        | NAME OF THE INSTITUTION | PRINCIPAL     | INTEREST     | TOTAL         |
|--------------|-------------------------|---------------|--------------|---------------|
| 1            | Bank of Baroda          | 1.54          | 0.64         | 2.88          |
| 2            | Vidyut Bonds            | 2.47          | 0            | 2.47          |
| 3            | REC                     | 120.62        | 79.70        | 200.32        |
| 4            | ICICI                   | 5.21          | 2.09         | 7.30          |
| 5            | PFC                     | 4.89          | 0.91         | 5.80          |
| 6            | Govt.                   | 3.37          | 0.02         | 3.39          |
| <b>TOTAL</b> |                         | <b>138.10</b> | <b>83.36</b> | <b>221.46</b> |

|  |               |               |
|--|---------------|---------------|
| 28. <u>Earnings per share:</u>   | 2008-09       | 2007-08       |
| a) Net profit available to share holders(PAT)                                    | Rs.65302830/- | Rs.55796614/- |
| b) Weighted average No. of equity shares used as denominator for calculating EPS | 274763909     | 274763909     |
| c) Basic and diluted earnings per Equity share of Rs. 10/- each                  | Rs. 0.24      | Rs. 0.20      |

29. The company has spent an amount of Rs 22.32 crores for the safety measures during the year 2008-09 and the same has been treated as revenue expenditure.
30. Details of SMEs to whom amounts payable but not due as on 31.03.2009.

| Sl. No | Name of the SME                                       |
|--------|---|
| 1      | M/s. Godavary Electricals Conductors (P) Ltd, Kadiyam |
| 2      | M/s. Hi - Tech Insulators, Hyd                        |
| 3      | M/s. I.E.Power Gears Pvt Ltd., Hyd                    |
| 4      | M/s. Jai Thulasi Switchgears (P) Ltd., Sec bad        |
| 5      | M/s. KJV Alloy Conductors (P) Ltd., Hyd               |
| 6      | M/s. Sealwel Corporation, Hyd                         |
| 7      | M/s. Shakti cables (P) Ltd, Medak                     |
| 8      | M/s. Sky Line Conductors (P) Ltd., Medak              |
| 9      | M/s. Sree Lakshmi Engineering Works, Hyd              |
| 10     | M/s. Sree Rayalaseema Green Energy Ltd., Gooty        |
| 11     | M/s. Sri Ganapathi Industries, Wgl                    |
| 12     | M/s. SVR Cables (P) Ltd, Srikakulam                   |
| 13     | M/s. Tab Engineering works, Hyd                       |
| 14     | M/s. Transcon Industries, Hyd                         |
| 15     | M/s. Ujjwal PSCC Poles Industries, Wgl                |

31. Due to change in accounting policy relating to recognition of delayed payment surcharge from accrual basis to realization basis the surplus for the year is decreased by Rs 156.25Cr.
32. Previous year figures are given in brackets and regrouped & rearranged wherever necessary.

As per our report of even date

For and on behalf of Board of Directors

**For B.V.Rao & Co.  
CHARTERED ACCOUNTANTS**

Sd/-  
**B.A.S.P.Ranga**  
Partner  
(Member No. 022649 )

Sd/-  
**Ch.Narasimha Reddy**  
Chairman & Managing Director

Sd/-  
**C.S.Sundara Murthy**  
Director (Finance)

Date :30-07-2009

Sd/-  
**K. Venkatesham**  
Company Secretary  
Date:30-07-2009

Sd/-  
**M. Venkatnarayana**  
Chief General Manager (Exp.)

**STATEMENT -6**  
**FUNCTION WISE ANALYSIS OF REVENUE AND EXPENSES**

|    | ITEM                                     | This Year 2008-2009   | Previous Year<br>(2007-08) |
|----|--|-----------------------|----------------------------|
|    | <b>REVENUE</b>                           | <b>(Amount in Rs)</b> |                            |
| 1  | Revenue received from sale of power      | 15925367052           | 14850101128                |
| 2  | Revenue subsidies & grants               | 20399999234           | 10789500000                |
| 3  | Other income                             | 946699707             | 1240746405                 |
| 4  | <b>Total income</b>                      | <b>37272065993</b>    | <b>26880347533</b>         |
|    | <b>EXPENSES</b>                          |                       |                            |
| 1  | Cost of power purchase                   | 31570861908           | 21623577790                |
| 2  | Repairs & Maintenance                    | 368297801             | 335933391                  |
| 3  | Employee cost                            | 2306713873            | 1861756147                 |
| 4  | Admn. & General exp.                     | 364933603             | 316198693                  |
| 5  | Depreciation and related Debits          | 1366928878            | 1204814756                 |
| 6  | Interest and Finance charges             | 1449546631            | 930893708                  |
| 7  | Other debits                             | (60893809)            | 932040679                  |
| 8  | Extra-ordinary items<br>Charges(credits) | 272332022             | -40719768                  |
| 9  | Prior period Expr./ (Credits)            | -3696727              | 6912487                    |
| 10 | Provision for income tax                 | 16683436              | 14590202                   |
|    | <b>Total expenses</b>                    | <b>37651707616</b>    | <b>27185998086</b>         |
|    | Less:                                    |                       |                            |
| 11 | Expenses capitalised including IDC       | 444114756             | 370953383                  |
| 12 | <b>Net expenses</b>                      | <b>37207592860</b>    | <b>26815044703</b>         |

**STATEMENT -7**  
**SOURCES AND USES OF FUNDS FOR THE YEAR 2008-09**

| Sl No. | Particulars  | This Year 2008-09 | Previous Year 2007-08 |
|--------|--|-------------------|-----------------------|
|        |  | (Amount in Rs)    |                       |
|        | <b>SOURCE OF FUNDS</b>                                   |                   |                       |
| 1      | Profit /(Loss) as per Revenue Account                    | 81156569          | 79893032              |
|        | Less : Tax payments during the year                      | 16683436          | 14590202              |
| 2      | ADD: Debits to Revenue account not requiring cash outlay |                   |                       |
|        | Depreciation   | 1366928878        | 1204814756            |
| 3      | <b>Net Funds from operations (1+2)</b>                   | <b>1431402011</b> | <b>1270117586</b>     |
| 4      | Contributions ,Grants towards Cost of Capital Assets     | 525878161         | 432999782.3           |
| 5      | Term loans Received From REC& PFC                        | 1773825100        | 1551581680            |
| 6      | Vidyuth Bonds  | 0                 | 0                     |
| 7      | Term Loans from Government                               | 0                 | 26617110              |
| 8      | Share capital from Government                            | 0                 | 0                     |
| 9      | Contingency Reserve Fund                                 | 11576177          | 10057944.6            |
| 10     | Refund of interest from GOAP                             | 0                 | 0                     |
| 11     | Investments  | 0                 | 2000000               |
| 12     | Borrowings for working capital                           | 5720000000        | 1569888001            |
|        | <b>Total Source of Funds(3 to 6)</b>                     | <b>9462681449</b> | <b>4863262104</b>     |
|        | <b>UTILISATION OF FUNDS</b>                              |                   |                       |
| 11     | Funds utilized on Capital Expenditure                    | 2983755111        | 2237945725            |
| 12     | Investments  | 58408546          | 8693581               |
| 13     | Repayment of Term Loans(REC&PFC)                         | 1352695875        | 1167593935            |
| 14     | Repayment of Government Loans                            | 31508000          | 69657110              |
| 15     | Increase/ (Decrease) in Working Capital                  | 5024737740        | 1368091314            |
| 16     | Amount transferred to Reserves                           | 11576177          | 11280440              |
|        | <b>Total Utilization of Funds(7 to 11)</b>               | <b>9462681449</b> | <b>4863262104</b>     |
|        | <b>Change in Working Capital</b>                         |                   |                       |
| I      | <b>Current assets</b>                                    |                   |                       |
|        | Increase (Decrease)Stocks                                | (100975473)       | (62620423)            |
|        | Increase in Receivables against Supply of power          | 638774182         | (370048504)           |
|        | Increase (Decrease) in Cash & Bank Balances              | 1738279875        | 655377699             |
|        | Increase (Decrease) in Loans & Advances                  | 33561903          | 149595362             |
|        | Increase (Decrease) in Sundry Receivables                | 6869175767        | (3611407980)          |
|        | <b>Sub Total</b>   | <b>9178816253</b> | <b>-3239103845</b>    |
| II     | <b>Current Liabilities</b>                               |                   |                       |
|        | Increase in Security Deposits from consumers             | 205673413         | 250799245             |
|        | Increase in Other Current Liabilities                    | 3948405101        | -4857994403           |
|        | <b>Sub Total</b>   | <b>4154078514</b> | <b>-4607195159</b>    |
|        | <b>Increase /(Decrease ) in Working Capital (I-II)</b>   | <b>5024737740</b> | <b>1368091314</b>     |

**STATEMENT- 8**  
**STATEMENT OF CAPITAL BASE AND SURPLUS**  
**[under section 59 of the Electricity (Supply) Act, 1948]**

|   |   |          | This Year<br>2008-2009               | Previous Year<br>(2007-08)           |
|---|---|----------|--------------------------------------|--------------------------------------|
|   | PARTICULARS   | Schedule | Opening<br>balance as on<br>1-4-2008 | Opening<br>balance as on<br>1-4-2007 |
| 1 | Original cost of fixed assets   | 19       | 19169595655                          | 19160147955                          |
| 2 | Less: Accumulated depreciation  | 19       | 9185371702                           | 9181871251                           |
| 3 | Net Block (1-2)   |          | 9984223954                           | 9978276705                           |
| 4 | Consumer Contribution   | 34       | 2731347316                           | 2731347316                           |
|   |   |          |                                      |                                      |
| 5 | <b>CAPITAL BASE (3 -4)</b>  |          | <b>7252876637</b>                    | <b>7246929388</b>                    |
|   | (Value of the Fixed Assets at the beginning of the year<br>excluding Con. Contribution) |          |                                      |                                      |
|   |   |          |                                      |                                      |
| 6 | Surplus (under section 59)  |          | 64473133                             | 65938050                             |
| 7 | Surplus as a % of capital base (under section 59)                                       |          | 0.89%                                | 0.91%                                |

**STATEMENT - 9**  
**STATEMENT OF TECHNICAL PARTICULARS**

| Sl. No. | PARTICULARS                                  | This year 2008-2009     | Previous year 2007-2008 |
|---------|--|-------------------------|-------------------------|
|         |  | MUs                     | MUs                     |
| 1       | Total Power available for Distribution       | 10,069.55               | 9,203.19                |
| 2       | Total Units sold                             | 8,544.68                | 7,748.18                |
| 3       | Distribution losses (1-2)                    | 1,524.87                | 1,455.01                |
|         | <b>Consumer Category</b>                     | <b>No. of Consumers</b> | <b>No. of Consumers</b> |
|         | <b>L T</b>                                   |                         |                         |
| 1       | Domestic supply - Category-I                 | 2746250                 | 2542579                 |
| 2       | Non-Domestic supply Category-II              | 244339                  | 229788                  |
| 3       | Industrial supply - Category - III           | 27049                   | 26888                   |
| 4       | Cottage Industries – Category - IV           | 4334                    | 3363                    |
| 5       | Irrigation & Agriculture Category - V        | 806734                  | 782919                  |
| 6       | Public Lighting - Category - VI              | 36197                   | 31823                   |
| 7       | General Purpose - Category - VII             | 13176                   | 11835                   |
| 8       | Temporary - Category – VIII                  | 9                       | 14                      |
|         | <b>Total L. T.</b>                           | <b>3877488</b>          | <b>3629209</b>          |
|         | <b>H T</b>                                   |                         |                         |
| 1       | Industrial segregated - Category - I         | 546                     | 426                     |
| 2       | Industrial Non-segregated - Category - II    | 169                     | 153                     |
| 3       | Irrigation & Agriculture - Category - IV     | 132                     | 117                     |
| 4       | Railway Traction                             | 9                       | 9                       |
| 5       | Townships & Residential colonies - Cat-VI    | 22                      | 23                      |
| 6       | Electricity Co-operative societies - Cat.VII | 33                      | 30                      |
| 7       | Temporary - Category – VIII                  | 0                       | 0                       |
|         | <b>HT TOTAL :</b>                            | <b>911</b>              | <b>537</b>              |
|         | <b>LT+HT TOTAL</b>                           | <b>3878399</b>          | <b>3629967</b>          |

**Statement pursuant to Part IV of Schedule VI of the Companies Act 1956  
Balance sheet abstract and a Company's General Business Profile**

**I Registration Details**

Registration No. 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 0 | 1 | - | 3 | 4 | 1 | 1 | 9 |
|---|---|---|---|---|---|---|---|

 State Code 

|   |   |
|---|---|
| 0 | 1 |
|---|---|

Balance -sheet date 

|   |   |  |   |   |  |   |   |   |   |
|---|---|--|---|---|--|---|---|---|---|
| 3 | 1 |  | 0 | 3 |  | 2 | 0 | 0 | 9 |
|---|---|--|---|---|--|---|---|---|---|

**II Capital raised during the year (Amount in Rs. Thousands)**

Public Issue 

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

 Right Issue 

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

Bouns Issue 

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

 Private placement 

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

**III Position of Mobilization & Deployment of funds (Amount in Rs. Thousands)**

Sources of funds 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 2 | 2 | 7 | 1 | 5 | 2 | 7 | 0 |
|---|---|---|---|---|---|---|---|

Paid up capital 

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 2 | 7 | 4 | 7 | 6 | 3 | 9 |
|---|---|---|---|---|---|---|

 Reserves&Surplus 

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 3 | 4 | 0 | 5 | 8 | 7 | 5 |
|---|---|---|---|---|---|---|

(Including Cont. Grants & Sub.)

Secured loans 

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 4 | 7 | 4 | 9 | 9 | 0 | 0 |
|---|---|---|---|---|---|---|

 Unsecured loans 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 1 | 8 | 1 | 1 | 8 | 5 | 6 |
|---|---|---|---|---|---|---|---|

Application Funds 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 2 | 2 | 7 | 1 | 5 | 2 | 7 | 0 |
|---|---|---|---|---|---|---|---|

Net Fixed Assets 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 6 | 2 | 2 | 3 | 9 | 0 | 9 |
|---|---|---|---|---|---|---|---|

 Investments 

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1 | 9 | 1 | 5 | 1 | 4 |
|---|---|---|---|---|---|

(Including Capital work in progress)

Net Current Assets 

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 6 | 0 | 3 | 6 | 5 | 5 | 3 |
|---|---|---|---|---|---|---|

 Misc. Expenditure 

|   |   |   |   |
|---|---|---|---|
| 4 | 1 | 3 | 5 |
|---|---|---|---|

Accumulated Losses 

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 2 | 5 | 9 | 1 | 5 | 9 |
|---|---|---|---|---|---|

**IV Performance of Company (Amount in Rs. Thousands)**

Turnover 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 3 | 7 | 2 | 7 | 2 | 0 | 6 | 6 |
|---|---|---|---|---|---|---|---|

 Total expenditure 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 3 | 7 | 1 | 9 | 0 | 9 | 0 | 9 |
|---|---|---|---|---|---|---|---|

Profit (+)/Loss (-) before tax 

|   |   |   |   |   |
|---|---|---|---|---|
| 8 | 1 | 1 | 5 | 6 |
|---|---|---|---|---|

 profit (+)/Loss (-) after tax 

|   |   |   |   |   |
|---|---|---|---|---|
| 6 | 4 | 4 | 7 | 3 |
|---|---|---|---|---|

Earning per share in Rs. 

|   |   |   |   |
|---|---|---|---|
| 0 | . | 2 | 3 |
|---|---|---|---|

 paisa Dividend Rate (%) 

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

**V Generic name of three principal products /services of Company ( as per monetray terms)**

Product discription 

|   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|
| D | I | S | T | R | I | B | U | T | I | O | N |
|---|---|---|---|---|---|---|---|---|---|---|---|

 ITC Code.No. 

|   |   |
|---|---|
| N | A |
|---|---|

|   |   |   |  |   |   |   |   |   |   |
|---|---|---|--|---|---|---|---|---|---|
| A | N | D |  | R | E | T | A | I | L |
|---|---|---|--|---|---|---|---|---|---|

|   |   |   |   |   |   |  |   |   |
|---|---|---|---|---|---|--|---|---|
| S | U | P | P | L | Y |  | O | F |
|---|---|---|---|---|---|--|---|---|

|   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|
| E | L | E | C | T | C | I | T | Y |
|---|---|---|---|---|---|---|---|---|

**Annexure -II**

| Sl. No. | Auditors' Report  | Director's reply(s). |
|---------|---|----------------------|
|         | <p>TO<br/>The SHARE HOLDERS,<br/>NORTHERN POWER DISTRIBUTION<br/>COMPANY OF ANDHRA PRADESH<br/>LTD. WARANGAL.</p> <p>I. We have audited the attached Balance Sheet of <u>NORTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LTD.</u>, as at 31<sup>st</sup> March, 2009 and also the Revenue Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.</p> <p>II. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.</p> <p>III. The annual accounts have been prepared in the formats prescribed under Electricity (Supply) Annual Accounts Rules, 1985, as notified by the Central Government in Electricity Supply Act, 1948 and in terms of provisions of Sec185(2)(d) of the Electricity Act,2003.</p> |                      |

|                                  |   |   |
|----------------------------------|---|---|
| <p>IV.</p> <p>V. 1</p> <p>1.</p> | <p>As required by the Companies Auditor's Report Order, 2003 issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.</p> <p><i>Further to our observations in the annexure referred to above, we report that:</i></p> <p><i>The Assets and liabilities of the company as on 31.03.2009 are arrived from the balances as on 1 April 2000 as per the second transfer scheme contained in G.O. Ms No. 109, Energy (Power-III) dated 29-09-2001 of Government Of Andhra Pradesh (GOAP) and subsequent transactions. The notification as above contained all Assets and Liabilities given as block figure under major groups of heads as on 01-04-2000. There are no satisfactory details of assets and liabilities in support of these balances. Therefore, we are unable to determine the correctness or otherwise of the assets and liabilities as on 31.03.2009 to the extent of such transferred opening balances.</i></p> | <p>Noted.</p>   |
| <p>2)</p>                        | <p><i>Fixed assets:</i></p> <p><i>a) Details relating to lands acquired by the company by way of purchase, gift or otherwise and the related documents are not produced for our verification due to which we are unable to comment on the correctness or otherwise the value of land included in the Fixed Assets of the company as on 31.03.2009.</i></p> <p><i>b) The company has not conducted physical verification of fixed assets during the year and also not identified the impaired assets if any. Due to which we are unable to comment on the correctness or otherwise the value of fixed assets as on 31.03.2009.</i></p> <p><i>c) (I) Capital Work-in Progress as at 31-03-2009 includes some assets which were completed and put to use but not capitalized due to non submission of completion certificates by the field officers.</i></p>   | <p>Noted. The process of keeping the records at Corporate office is in progress</p> <p>Noted.</p> <p>Steps will be taken to obtain the completion certificates.</p> |

|           |  |  |
|-----------|--|--|
|           | <p>(ii) <i>Inventory includes some assets put to use and but not capitalized and In the absence of the full details of such cases the consequential impact on Fixed Assets , Capital Work in Progress, inventory and Surplus as per Revenue Account of the year is not ascertained.</i></p> <p>d) <i>An amount of Rs. 7.08 crores is outstanding in personal accounts most of which represents cost of value of materials drawn for projects/expenses but not adjusted for due to the non submission of accounts. In the absence of details its impact on the Capital work in progress, Fixed Assets, Receivables and Revenue is not ascertained. The capitalized employee cost and administrative cost in terms of accounting policy (vide para no 2.b of Statement 4) is to be reconciled with the direct costs.</i></p> | <p>Steps will be taken for regularization of such transactions.</p> <p>Steps will be taken for obtaining full details and correct accountal.</p> |
| <p>3.</p> | <p><b>Debtors:</b></p> <p>a) <i>There is an un-reconciled difference between the figures of sundry debtors as shown in the balance sheet &amp; consumer ledgers as at 31.03.2009 and in the absence of the details the impact of the non reconciliation of this difference on the Revenue Account and Balance Sheet is not ascertainable.</i></p> <p>b) <i>Incentive of earlier years amounting to Rs.2.87 crores, due to the HT consumers is included in the current year incentive instead of in the prior period expenses.</i></p>  | <p>Noted.</p> <p>Noted.</p>  |
| <p>4.</p> | <p><b>Bank Balances:</b></p> <p><i>Many outstanding entries in Bank Reconciliation Statements are more than three years old and in the absence of the details the impact of these pending entries on the Revenue Account and Balance Sheet is not ascertained.</i></p>   | <p>A Provision is made for the above three years pending items.</p>  |
| <p>5.</p> | <p><b>Inventory:</b></p> <p><i>The Stocks at Pole and Fabrication Centers as on 31-03-2009 is not reconciled with the book stock of Rs 3.44 crores and the impact of the consequential adjustments, if any, is not ascertained</i></p>   | <p>Steps will be taken to reconcile the balances.</p>  |



|    |  |  |
|----|--|--|
| 6. | <p><b>Balance confirmations:</b></p> <p><i>Confirmation of the balances are not obtained from Sundry Debtors, Sundry Creditors, other receivables, Subsidy &amp; other claims, various depositors and other parties with whom the Company has had transactions and the impact of the consequential adjustments required, if any, is not ascertained.</i></p>   | <p>In view of vast consumer base, the confirmations are not possible for arrears and security deposits. However, bank balance confirmations have obtained.</p> |
| 7. | <p><b>Consumer Deposits:</b></p> <p><i>There is an un-reconciled difference of Rs.1.49 Crores between the figures of Consumer Deposits as shown in the balance sheet &amp; consumer ledgers as at 31.03.2009 and in the absence of the details the impact of this difference on the Revenue Account and Balance Sheet is not ascertainable</i></p>   | <p>Steps will be taken for suitable accounting process.</p>  |
| 8. | <p><b>Revenue:</b></p> <p><i>There is a considerable delay in finalization of theft of power and malpractice cases booked prior to 09/06/2005. As the amount of such pending cases are yet to be quantified and its impact on revenue and sundry debtors not ascertained.</i></p>  | <p>Steps will be taken for reconciliation and finalization of pending cases.</p>   |
| 9. | <p><b>Power Purchase &amp; Govt. Revenue Subsidy:</b></p> <p><i>The power purchase cost of Rs. 3157.09 crores and Revenue Subsidies of Rs 2039.99 (from GOAP) are based on the information furnished by the APPCC. Concerned records are maintained at A.P.Power Co-ordination Committee (APPCC), Hyderabad which is the Co-ordinating Agency constituted by the AP Govt. of the DISCOMS. The company has relied on the energy drawl and allocation of subsidies etc, as advised by the APPCC. The Accounts maintained by the APPCC are not subjected to any Independent Annual Audit. The power purchases, and other income and expenses pooled at APPCC and as allocated to the Company have been incorporated in the Accounts of the company. As they are un-audited and un-authenticated, the correctness or otherwise of such allocated amounts can not be confirmed. However, the pool accounts are subject to Internal Audit by an External agency.</i></p> | <p>The APPCC was established as an Institutional arrangement for smooth transmission of power purchase functions as per G.O. Ms. No.59, Dated 07-06-2005.</p>  |

|     |  |   |
|-----|--|---|
|     | <p><i>The impact of G.o.Ms.No.53,Energy (power-III) dated 28.04.2008, for implementation of modifications of Third Transfer Scheme retrospectively w.e.f 09-06-2005 is not ascertained and quantified. Therefore, we are unable to report the effect on the Financial Statements.</i></p>  |   |
| 10. | <p><b>ESAAR- 1985</b></p> <p><i>The company has not complied with/has deviated with the following requirements:</i></p> <p><i>a) Deviations from ESSAR-1985:</i></p> <p><i>i) Date of Capitalization of assets from the date on which completion certificates are submitted by the field officers instead of capitalizing from the date of commissioning.</i></p> <p><i>ii) Providing depreciation from the date of capitalization instead from the beginning of the year following the year in which the asset is capitalized.</i></p> <p><i>iii) Capitalization of interest and administrative cost.</i></p> <p><i>iv) Valuation of reusable fixed assets devolved to stores instead of at nil value.</i></p> <p><i>v) In respect of some retired assets no adjustments/ deletions are made from accumulated depreciation.</i></p> <p><i>vi) Accounting of consumer contributions towards service connections and lines, etc. as deferred revenue.</i></p> <p><i>Vii) Accounting of Govt. Capital Grants for non- monetary assets at nominal value instead of fair market value.</i></p> <p><i>We are unable to determine the effect of these deviations on the Assets &amp; Liabilities as on 31.03.2009 and Revenue for the year. Further, the deviations reported in para 10 (a)i to 10(a)vi are not in tune with the mandatory Accounting Standards.</i></p> | <p>Noted.</p> <p>Noted.</p> <p>Noted.</p> <p>Noted.</p> <p>Noted.</p> <p>Noted.</p> <p>Noted.</p> <p>Noted.</p> <p>Noted.</p> |

|     |   |   |
|-----|---|---|
|     | <p><i>b) Statement</i></p> <p><i>1) Though required as per Para19 of Notes to Accounts, purchases, Issues and stock of materials are not shown separately in the Statement 5.</i></p> <p><i>2) Reconciliation of receivables against sale of power as required by Para no 20 is not furnished in Statement 5.</i></p> <p><i>c) Schedules</i></p> <p><i>The details of Contracts in progress, Revenue expenses pending allocation, Provision for completed work and Advances for supplies &amp; contractors are not disclosed as notes to schedule 21.</i></p> | <p>This is disclosed in Notes to Accountas-Sttement -5 under Item No. 12.</p> <p>Noted.</p> <p>Noted.</p> |
| 11. | <p><i>Internal controls and checks:</i></p> <p><i>Errors crept in data entry due to weak/ inadequate controls and checks in the SAP system implemented by the Company were subsequently rectified.</i></p>  | <p>Steps will be taken to minimize such errors.</p>   |
| 12. | <p><i>Attention is invited to the para no.31 of notes on accounts (Statement 5) regarding Change in Accounting policy relating to recognition of delayed payment surcharge.</i></p>   | <p>Noted.</p>   |
| V.1 | <p>We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit <i>Subject to what has been stated in the above paras:</i></p>   |   |
| V.2 | <p>In our opinion, proper books of accounts as required by law have been kept by the company in so far as it appears from our examination of such books.</p>  |   |
| V.3 | <p>The Balance Sheet and Revenue Account referred to in this report are in agreement with the books of accounts.</p>  |   |
| V.4 | <p>In our opinion the balance sheet and the revenue Account, as stated in Significant Accounting Polices (Statement 4) do not comply with the Accounting Standards AS2, AS3, AS6, AS10, AS12,</p>   |   |

|            |  |  |
|------------|--|--|
| <p>V.5</p> | <p>AS16 and AS 22 referred in sub-section 3C of Section 211 of the Companies Act, 1956 and though the provisions for employee benefits are made as per AS15, the required disclosures are not made.</p> <p>Since the company is a Government Company the provisions of Sec.274(1)(g) of the Companies Act, 1956 are not applicable to the company.</p> <p>Subject to our qualifications in paras &amp; Sub-paras 1 to 12 of V.1 of above, in our opinion and to best of our information and according to the explanations given to us, the Balance Sheet and Revenue Account together with the schedules, read with the Accounting Policies and Notes forming part of the Accounts, disclose the information required under the Electricity(Supply) Annual Accounts Rules,1985 notified by the Central Government under Electricity (Supply) Act 1948, and give a true and fair view.</p> <p>i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and</p> <p>ii) in the case of Revenue Account, of the Surplus for the year ended 31<sup>st</sup> March, 2009</p> <p>Place : HYDERABAD<br/>Date : 30.07.2009</p> <p>For B V RAO &amp; Co,<br/>Chartered Accountants</p> <p>Sd/-<br/>B.A.S.P. Ranga</p> <p>Partner<br/>( Mem. No. 022649)</p> | <p>On behalf of the Board of Directors</p> <p>Sd/-<br/>(CH. NARASIMHA REDDY)<br/>CHAIRMAN &amp; MANAGING<br/>DIRECTOR<br/>Place: Warangal.<br/>Date: 25<sup>th</sup> September, 2009</p> |
|------------|--|--|

**ANNEXURE TO THE AUDITOR'S REPORT**

| Sl. No. | Auditors' Report  | Director's reply(s).                    |
|---------|---|---|
| 1.      | <p>This is the annexure referred to in our report of even date</p> <p>a) The company is maintaining records for the Fixed Assets. However the particulars such as location, etc., for all the assets are not recorded.</p> <p>b) The company did not have any program / plan physical verification of fixed assets and no physical verification was conducted during the year. In the absence of such physical verification, we are unable to state whether there are any material discrepancies.</p> <p>c) No substantial part of the Fixed Assets is disposed during the year.</p>  | Noted.                                  |
| 2.      | <p>a) The stores inventory except bulk items which are to be verified by weighment has been physically verified by the Management during the year at reasonable intervals.</p> <p>b) In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the company and the nature of its business. Suitable policy may be adopted for verification of bulk items. Though the discrepancies noticed on such physical verification are adjusted in the stores accounts, the consequent adjustments in accounts are yet to be carried out. In our opinion the discrepancies noticed on physical verification are not material.</p> <p>c) The company has maintained proper records of inventory.</p> | Noted.                                  |
| 3.      | <p>We are informed that during the year the company has not taken/granted any loans from / to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.</p>   | Noted.                                  |
| 4.      | <p>In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of power. We have observed weaknesses in internal controls in non identification and follow-up of unrealized cheques lying in bank reconciliation statements, drawl of Material in O &amp; M work orders, capitalization of work orders, adjustment of deposits received for consumer contribution works, burnt meters, loans and advances given to staff.</p>   | Steps will be taken for reconciliation. |

|     |  |  |
|-----|--|--|
| 5.  | According to the information and explanations given to us, there are no transactions of purchases of goods or materials and sale of goods, materials and services, made in pursuance of contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 as also referred to Para No.3.   | Noted.   |
| 6.  | According to the information and explanations given to us, the company has not accepted deposits from the public with in the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules framed there under.  | Noted.   |
| 7.  | The company has an Internal Audit system, which in our opinion, requires further strengthening both in scope and coverage commensurate with the size and nature of its business. Especially, review of stores material drawn and utilization thereof in works, progress achieved and status of Capital Work-in-Progress with reference to work orders issued so as to identify works completed and put to use, coverage of Head Office records etc., | Steps are being taken to strengthen the Internal Audit by appointing more out sourced Chartered Accountants. |
| 8.  | Maintenance of cost records is made mandatory under Section 209(1)(d) of the Companies Act, 1956 from 01.04.2002. We have broadly reviewed the records maintained by company and observed that some of the cost accounting records were not maintained on a regular basis during the year and have been compiled at the end of the audit. Proper cost accounting records were not maintained in respect of accounting of CENVAT, etc.                | Noted.   |
| 9.  | Recoveries of Provident Fund made from the employees joined prior to 01.02.1999 are deposited with the PF Trust. The company has recovered & deposited with the EPF Authorities, contributions from employees appointed after 01.02.1999 towards employee's provident fund.  | Noted.   |
| 10. | There are no undisputed statutory dues including Provident fund, income tax, wealth tax, excise duty, cess and service tax outstanding more than six months from the date they became payable. In respect of disputed statutory liabilities, the details are as under  | Noted.   |

| Amount involved Rs.(Lakhs) | Nature of statutory liability            | Year          | Forum of dispute |
|----------------------------|--|---------------|------------------|
| 156.91                     | Entry Tax                                | 2002-2003     | APSTAT           |
| 125.27                     | Entry Tax                                | 2003-2004     | ADC(CT)          |
| 50.74                      | Entry Tax                                | 2004-2005     | APSTAT           |
| 35.39                      | Entry Tax                                | 2005-2006     | ADC(CT)          |
| 48.68                      | Entry Tax                                | 2006-2007     | ADC(CT)          |
| 07.29                      | CST                                      | 2000-2001     | ADC(CT)          |
| 0.45                       | Interest on A2 & CST returns late filing | 2000-2001     | APSTAT           |
| 0.20                       | -- do --                                 | 2001-2002     | APSTAT           |
| 0.24                       | --- do --                                | 2002-2003     | APSTAT           |
| 0.01                       | --- do --                                | 2003-2004     | APSTAT           |
| 30.49                      | Income tax                               | 2001-2002(AY) | ITAT             |
| -----                      | -----                                    | -----         | -----            |
|                            | --                                       |               |                  |

|     |   |        |
|-----|---|--------|
| 11. | The accumulated losses are less than 50% of the net worth and the company has not incurred any cash loss during the financial year covered by the audit and the immediately preceding financial year with out considering the impact of our observations in para nos.V.1 of the audit report. | Noted. |
| 12. | As per the information provided to us, the company has not defaulted in repayment of principal and interest in respect of loans and advances.   | Noted. |
| 13. | The company has not granted any loans or advances against pledge of shares, debentures or other securities.   | Noted. |
| 14. | The provisions of special statutes relating to Chit Fund / Nidhi / Mutual Benefit Fund/Societies are not applicable to the Company.   | Noted. |

|     |   |   |
|-----|---|---|
| 15. | The Company is not dealing or trading in shares, securities, debentures etc.,   | Noted.  |
| 16. | As per the information provided to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions where of are prejudicial to the interest of the company. |   |
| 17. | The term loans were applied for the purpose for which the loans were obtained.  | Noted.  |
| 18. | According to the information and explanations given to us and on an overall examination of the Balance Sheet we report that the company has not utilized the long term loans for short term investment and vice versa.          | Noted.  |
| 19. | As the company has not made any allotment of shares, the clause regarding preferential allotment of shares is not applicable.   | Noted.  |
| 20. | The company did not issue any debentures. However, the company has taken over the Vidyut bonds liability of AP Transco as per the provisional 3 <sup>rd</sup> Transfer scheme during 2005-06.                                   | Noted.  |
| 21. | The company has not raised any funds by public issue during the year.   | Noted.  |
| 22. | The records related to Frauds maintained by the Company, if any, was not available for verification. Therefore we are unable to comment on the same.  | Noted.  |
|     | <p>Place: Hyderabad<br/>Date: 30-07-2009<br/>For B V RAO &amp; Co,<br/>Chartered Accountants</p> <p>Sd/-<br/>B.A.S.P. Ranga<br/>Partner<br/>( Mem. No. 022649)</p>  | <p><b>On behalf of the Board of Directors</b></p> <p>Sd/-<br/><b>(CH. NARASIMHA REDDY)</b><br/><b>CHAIRMAN &amp; MANAGING DIRECTOR</b><br/>Place: Warangal.<br/>Date: 25<sup>th</sup> September, 2009</p> |

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NORTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED, WARANGAL FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

| Sl. No. | Comment  | Director's Reply(s)   |
|---------|--|---|
| 1.      | <p><b>A. Comments on Profitability:</b></p> <p><b>Revenue Account</b><br/> <b>Expenditure</b><br/> <b>Purchase of Power(Sc.6)</b><br/> <b>Power Purchase-Others: Rs.2994.55</b><br/> <b>Crore</b></p> <p>The above is understated by Rs.15.83 crore due to incorrect accountal of refund of Income Tax by National Thermal Power Corporation (NTPC) in June,09 as reduction in power purchase cost. Since the refund is neither pertains to 2008-09 nor was it received in that year, accounting of the same in 2008-09 is not correct. This has resulted under statement of "Purchase of power". "Other Current Liabilities – Liability for Power Purchase" and overstatement of "Profit before Tax" by Rs.15.83 crore.</p> | <p>The Income Tax refund (part of Power Purchase Cost already paid) of Rs.15.83 Cr. of NPDCL share relates to the years 2000-01 and 2001-02 received from NTPC in June, 2009 has been accounted in 2008-09 as by that time the accounts of 2008-09 are open and not finalized.</p> <p>Since the fact of refund of Income Tax pertains to prior to 2008-09 is known before the closure of accounts, it is prudent to account for the same in the year of accounts available.</p> <p>Therefore, there is no understatement of Power Purchase Cost and Liability for Power Purchase as well.</p> |
| 2.      | <p>The above is under stated by Rs.8.58 crore due to non-accountal of Thermal incentive, for which claims were made by APGENCO. This has resulted in understatement of 'Other Current Liabilities – Liability Power Purchase' and overstatement of 'Profit before Tax' by Rs.8.58 crore</p>  | <p>The thermal incentive claim of Rs.8.58 crore by M/s. APGENCO is not accounted as a liability as the related regulation no.1 of tariff order is yet to be made effective by APERC. Such claims from APGENCO will be accounted as liability in the period when the regulation 1 is made effective as it is then the liability crystallizes and is quantifiable.</p>  |

|    |   |  |
|----|---|--|
| 3. | <p>The above is overstated by Rs.1.02 crore due to non-accountal of credit towards Fuel Cost Adjustment (FCA) relating to 4<sup>th</sup> quarter of 2008-09, passed on by APGENCO. This has also resulted in overstatement of ‘Other Current Liabilities – Liability Power Purchase’ and understatement of ‘Profit before Tax’ by Rs.1.02 crore.</p>  | <p>The credit passed on by APGENCO (Lr.No.FA&amp;CCA(Res) (PB)/D.No.71, Dt.2.5.09) towards FCA claim for the 4<sup>th</sup> quarter of 2008-09 not taken into accounts as the credit proposed by APGENCO is received after finalization of Annual Accounts.</p>  |
| 4. | <p><b>Depreciation and Related Debits (Sch.11)</b><br/> <b>Depreciation: Rs.136.50 Crore</b></p> <p>The above is understated by Rs.32.17 lakh due to providing depreciation on additions of the Fixed Assets during the year from the date of capitalization instead of from the date of put to use (Charging / Commission) as stated in the Accounting Policy No.9 (Statement-4). This has resulted in overstatement of “Plant and Machinery” by Rs.26.75 lakh, “Lines and Cable Network etc.” by Rs.5.42 lakh and “Profit before Tax” by Rs.32.17 lakh.</p> | <p>The Company has stated the accounting policy that the depreciation is calculated on the additions from the date of put to use.</p> <p>The substations constructed will have different components such as 33KV and 11KV lines, Batteries and PTRs etc. The commissioning of different assets will not form as a fixed asset ready for put to use. When all the components constructed is completed then only it will be available for commercial functioning. On an average of 1 to 2 months gap will be there between the commissioning of asset and commercial utilization of Sub-station. Since the complex involved in the construction of electrical assets, the date of commercial functioning will be taken as date of capitalization.</p> <p>Since the company is following providing depreciation on fixed assets upto 90% of its value the small difference in period will have minute impact.</p> |

|           |   |   |
|-----------|---|---|
| <p>5.</p> | <p><b>B. Comments on Financial Position:</b></p> <p><b>Balance Sheet</b><br/> <b>Assets</b><br/> <b>Net Assets</b><br/> <b>Total Current Assets(Sc.26)</b><br/> <b>Stocks (Sch.26(a))</b><br/> <b>Materials pending inspection &amp; in Transit: Rs. Nil</b></p> <p>The above is understated by Rs.42.63 lakh due to non-accountal of the value of materials received in stores before 31 March 2009 and pending inspection in Adilabad circle. This has also resulted in understatement of “Other Current Liabilities – Liability – Materials works-capital and O&amp;M” by Rs.42.63 lakh.</p> | <p>The Company prepares accounts as per the ESAAR, 1985. As per the Annexure-III-Basic Accounting Principles and Policies Para No.2.109 of ESAAR, 1985, Liability for all materials received and accepted by the Board shall be created in the month in which the materials are accepted.</p> <p>As per the terms and conditions of material supply, it is the responsibility of the supplier till the material received by the NPDCL. The liability for payment of material supply arises on the Company only after taking the material into stock after check measurement by the Company in good condition.</p> <p>Further, it is to mention that as per the purchase manual the payment for the material supplied by the supplier will be paid on or after 30 days from the date of check measurement only but not from the date of receipt of material.</p> <p>Moreover, the non accountal of above will not impact on the net working capital.</p> |
| <p>6.</p> | <p><b>Other Current Liabilities (Sch.28)</b><br/> <b>Liability-Materials, Works-Capital and O&amp;M:</b><br/> <b>Rs. 87.54 Crore</b></p> <p>The above is understated by Rs.4.26 Crore due to non-accountal of the liability pertaining to the works completed and check measured before 31 March 2009 in Karimnagar and Nizamabad Circles. This has also resulted in understatement of “Capital Works-in-Progress” by a similar amount.</p>   | <p>The Audit point is noted. Due to non-receipt of work bills before closure of accounts though they were check measured before 31.3.2009, this has not been accounted in 2008-09. In future, proper instructions will be given to provide the details of works check measured before 31.3.2009 though the bills were not preferred for proper accounting of the liability. However, it is accounted in 2009-10.</p>  |

|    |   |   |
|----|---|---|
| 7. | <p>The above is understated by Rs.97.06 lakhs due to non-accountal of the liability for the license fee payable to M/s. SAP India for up-gradation of existing version of SAP though the invoice was raised on 26 December 2008. This has resulted in understatement of “Intangible Assets” by a similar amount.</p>  | <p>As the up gradation of the existing version is from 2009-10, the payment is made on behalf of the company in April 2009 and all formalities for up gradation are not completed before 31.03.2009 the non accountal of this transaction in 2008-09 is in order.</p>   |
| 8. | <p>Co-operative Electric Supply Society (CESS), Sircilla is eligible for subsidized tariff of Rs.0.40 per unit upto the quota of energy fixed (413.58 MU). Any additional purchase by the RESCO to meet its additional sales to irrigation and Agricultural demand shall be given the same treatment by the DISCOMs as it accounts for its additional sales to that category.</p> <p>However, the company billed the excess drawal of energy (56.07 MU) also at the subsidized rate instead of as per the method prescribed in APERC orders. The impact of this deviation could not be quantified in the absence of data relating to sale of additional power to various categories by CESS, Sircilla. The Company should have disclosed the fact of non-compliance of APERC orders in Notes to Accounts.</p> | <p>As per para No.6 of O.P.No.1 of 2008 issued by the Andhra Pradesh Electricity Regulatory Commission (APERC), “Any additional purchase by the RESCO to meet its additional sales to irrigation and agricultural demand shall be given the same treatment by the DISCOMs as it accounts for its additional sales to that category”, but there is no information regarding additional sales for other categories of RESCO.</p> <p>Due to non-clarity in the above said para No.6 of O.P. No.1 of 2008, it will be referred to the honorable APERC for clarification and action will be taken accordingly.</p> <p>RESCO has not disputed the bill till date.</p> |
| 9. | <p>The Government of Andhra Pradesh issued (Nov 2008) directive to withdraw the pending theft of energy cases against domestic consumers having connected load upto 1000 watts. The company reported 9735 cases involving assessed amount of Rs.97.50 lakh. The Company has neither made any adjustments in the accounts nor disclosed the impact of the government orders on the financial position.</p>   | <p>Though the amount was assessed, in compliance with the G.O. Rt.No.379, Dt.26.11.2008, the company has not collected the assessed amount nor accounted any revenue against the theft cases mentioned in the said G.O.</p> <p>Since the G.O. is meant for withdrawal of theft cases, there is no need for accounting adjustment and disclosure as well.</p>  |

|            |  |  |
|------------|--|--|
| <p>10.</p> | <p>APGENCO claimed Rs.87.53 lakhs towards cost of Infirm power supplied from Jurala Hydel Project in their monthly bills which is being contested by the company. The company has neither provided for the liability in the accounts nor disclosed the same under Contingent Liabilities</p> | <p>M/s.APGENCO claim towards cost of infirm power supply form Jurala Hydro Project, Unit I for the period 31.03.08 to 18.08.08 and Unit II for the period 31.08.08 to 29.11.08 amounting to Rs.87.53 lakhs is not accounted as a liability for the following reasons.</p> <ol style="list-style-type: none"> <li>1. Such claim is based on the Article 2.1 (a) of the Draft PPA which envisages infirm power cost at the rate of lowest variable cost of APGENCO thermal stations. The Jurala Project being a Hydel Project such infirm power cost is not applicable.</li> <li>2. The PPA in vogue is only a draft and is yet to be made final subject to the consent of APERC.</li> <li>3. Moreover the infirm power for Hydel station are not normally paid unlike in thermal stations wherein there will be coal and secondary fuel cost.</li> <li>4. The same is being contested by the company and payment is released to M/s. APGENCO after reducing from the bills the amount towards infirm power supply.</li> </ol> |
|            | <p><b>For and On behalf of the Comptroller and Auditor General of India.</b></p> <p style="text-align: center;">Sd/-<br/>(P.J.MATHEW)<br/>Accountant General (C&amp;RA)</p> <p>Place: Hyderabad.<br/>Date: 25.09.2009.</p>   | <p><b>On behalf of the Board of Directors</b></p> <p style="text-align: center;">Sd/-<br/>(CH. NARASIMHA REDDY)<br/>CHAIRMAN &amp; MANAGING<br/>DIRECTOR</p> <p>Place: Warangal.<br/>Date: 25<sup>th</sup> September, 2009</p>   |

## E R R A T A

The errata are disclosed due to some clerical errors in adopted Balance Sheet 2008-09:

1. **Schedule-17:** The top entries of Years 2007-08 and 2006-07 may be read as 2008-09 and 2007-08.
2. **Schedule-35 (Reserves and Reserve Funds):** The sub-Total of the balance at the end of the previous year is to be read as 137073653 instead of 134073652.
3. **Item no. 13 of Notes to Accounts in Statement-5:** The amount Rs. 114.41 is to be read as Rs.114.41 Cr.
4. **Item 28 (Earning per share) of Notes to Accounts in Statement-5:** This may read as follows:

| Earning per share:   | 2008-09       | 2007-08       |
|--|---------------|---------------|
| a) Net profit available to share holders(PAT)                                    | Rs.64473133/- | Rs.65302830/- |
| b) Weighted average No. of equity shares used as denominator for calculating EPS | 274763909     | 274763909     |
| c) Basic and diluted earnings per Equity share of Rs. 10/- each                  | Rs. 0.23      | Rs. 0.24      |

5. **Statemet-8 and 9:** These statements are revised as follows:

**STATEMENTS - 8**  
**STATEMENT OF CAPITAL BASE AND SURPLUS**  
 [under section 59 of the Electricity (Supply) Act, 1948]

|   |  |          | This Year<br>2008-2009               | Previous<br>Year(2007-08)             |
|---|--|----------|--------------------------------------|---------------------------------------|
|   | PARTICULARS  | Schedule | Opening<br>balance as on<br>1-4-2008 | Opening<br>balance as on 1-<br>4-2007 |
| 1 | Original cost of fixed assets  | 19       | 19169595655                          | 17568992763                           |
| 2 | Less: Accumulated depreciation   | 19       | 9185371702                           | 7984199152                            |
| 3 | Net Block (1-2)  |          | 9984223954                           | 9584793611                            |
| 4 | Consumer Contribution  | 34       | 2731347316                           | 2298347534                            |
| 5 | <b>CAPITAL BASE (3 -4)</b>   |          | <b>7252876637</b>                    | <b>7286446077</b>                     |
|   | (Value of the Fixed Assets at the beginning of the year excluding Con. Contribution) |          |                                      |                                       |
| 6 | Surplus (under section 59)   |          | 64473133                             | 65938050                              |
| 7 | Surplus as a % of capital base (under section 59)                                    |          | 0.89%                                | 0.90%                                 |

**NORTHERN POWER DISTRIBUTION COMPANY OF A.P. Ltd., WARANGAL  
STATEMENT-9  
STATEMENT OF TECHNICAL PARTICULARS**

| Sl. No. | PARTICULARS                                   | This year 2008-2009     | Previous year 2007-2008 |
|---------|---|-------------------------|-------------------------|
|         |   | MUs                     | MUs                     |
| 1       | <b>Total Power available for Distribution</b> | <b>10,069.55</b>        | <b>9,203.19</b>         |
| 2       | Total Units sold                              | 8,544.68                | 7,748.18                |
| 3       | <b>Distribution losses (1-2)</b>              | <b>1,524.87</b>         | <b>1,455.01</b>         |
|         | <b>Consumer Category</b>                      | <b>No. of Consumers</b> | <b>No. of Consumers</b> |
|         | <b>L T</b>                                    |                         |                         |
| 1       | Domestic supply - Category-I                  | 2746250                 | 2542579                 |
| 2       | Non-Domestic supply Category-II               | 244339                  | 229788                  |
| 3       | Industrial supply - Category - III            | 26449                   | 26888                   |
| 4       | Cottage Industries - Category - IV            | 4334                    | 3363                    |
| 5       | Irrigation & Agriculture Category - V         | 806734                  | 782919                  |
| 6       | Public Lighting - Category - VI               | 36197                   | 31823                   |
| 7       | General Purpose - Category - VII              | 13176                   | 11835                   |
| 8       | Temporary - Category - VIII                   | 9                       | 14                      |
|         | <b>Total L.T.</b>                             | <b>3877488</b>          | <b>3629209</b>          |
|         | <b>H T</b>                                    |                         |                         |
| 1       | Industrial segegrated - Category - I          | 546                     | 426                     |
| 2       | Industrial Non-segegrated - Category - II     | 169                     | 153                     |
| 3       | Irrigation & Agriculture - Category - IV      | 132                     | 117                     |
| 4       | Railway Traction                              | 9                       | 9                       |
| 5       | Townships & Residential colonies - Cat-VI     | 22                      | 23                      |
| 6       | Electricity Co-operative societies - Cat.VII  | 33                      | 30                      |
| 7       | Temporary - Category - VIII                   | 0                       | 0                       |
|         | <b>HT TOTAL :</b>                             | <b>911</b>              | <b>758</b>              |
|         | <b>LT+HT TOTAL</b>                            | <b>3878399</b>          | <b>3629967</b>          |



Inauguration of New 33/11 KV Sub-Station at Ramakrishnapur, Adilabad District on 27-09-09 by Sri Ch. Narasimha Reddy CMD, APNPDCL

Sri Ch. Narasimha Reddy, CMD, APNPDCL handing over cheque for recent Flood Victims to the District Collector, Warangal on 08-10-2009



Wall writing at various places in APNPDCL on Electrocutation Measures and Power Saving Tips.

