

# Annual Statement of Accounts 2016-17



# Transmission Corporation of Andhra Pradesh Limited

An ISO 9001:2008 Certified Company)



**Sri K.Vijayanand, IAS, CMD/APTRANSCO, receiving prestigious award for meritorious performance from Hon'ble Union Minister, Sri Piyush Goyal.**



**Sri.Dinesh Paruchuri, JMD, HRD, Finance/APTRANSCO receiving IPPAI Regulators and policy makers retreat 2016 award for best state Load Dispatch centre(SLDC) for Andhra Pradesh SLDC at Goa, Dt.24.09.2016**



## BOARD OF DIRECTORS

1. **Sri K. Vijayanand**, IAS : Chairman & Managing Director (FAC)
2. **Sri P. Umapathi**, IPS (Retd) : Joint Managing Director (Vigilance & Security)
3. **Sri Dinesh Paruchuri**, IRS : Joint Managing Director  
(Finance, Commercial, IPC, HRD & IT)
4. **Sri S. Subrahmanyam** : Director (Projects)
5. **Sri R. Nagaraja Swamy** : Director (Grid & Transmission Management)
6. **Sri Ajay Jain**, IAS : Director (Non-Whole time)  
Principal Secretary to Govt.,  
Energy, Infrastructure &  
Invst. Dept., GoA.P.
7. **Sri M. Ravi Chandra**, IAS : Director (Non-Whole time)  
Secretary to Govt.,  
Finance Dept., (R&E). GoA.P.

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Company Secretary : Sri M. Karunakar Reddy,  
B.Sc., M.BA, ACS

**Bankers** : State Bank of Hyderabad,  
Andhra Bank, Indian Overseas Bank  
UCO Bank, Corporation Bank, Bank of India  
Allahabad Bank, Indian Bank, Dena Bank  
Karnataka Bank, Bank of Maharashtra,  
Federal Bank, Karur Vysya Bank,  
ICICI Bank and HDFC Bank.

**Auditors**  
Staturory Auditors : M/s C. Venkata Krishna & Co  
Chartered Accountants  
402, 4th Floor, Owner Pride,  
Plot No. 1717, Road No.12,  
Banjara Hills, Hyderabad - 500 034

Cost Auditors : M/s. Narasimha Murthy & Co., Cost Accountants  
2nd Floor, Pavani Plaza, Himayathnagar  
Hyderabad - 500 029.

Internal Auditors : 1. Sri V. Satyanarayana  
(Chartered accountants) 2. Sri K. Ramachadra Rao  
3. Sri G. Subba Rao

**Registered & Corporate Office** : Transmission Corporation of Andhra Pradesh Limited  
Vidyut Soudha, Gunadala, Eluru Road, Vijayawada,  
Andhra Pradesh-520004

**Web** : [www.aptransco.co.in](http://www.aptransco.co.in)

**PAN No.** : **AABCT0088P**

**TIN** : **37760127045**



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## Board of Directors' Report

To,  
The Members,  
APTRANSCO

Your Directors have pleasure in presenting the 19<sup>th</sup> audited Financial Statements of the Company for the period ending 31<sup>st</sup> March 2017.

### Financial performance of the Company:

The financial performance of the Company for the year ended 31<sup>st</sup> March 2017 is summarized below:

Rs. in Crores

Particulars	Current FY 2016-2017	Previous FY 2015-2016
<b>INCOME:</b>		
Transmission & SLDC Charges/Revenue	1021.52	842.60
Other Income	167.73	124.99
<b>TOTAL INCOME:</b>	<b>1189.25</b>	<b>967.59</b>
<b>EXPENDITURE:</b>		
Employees Cost (net)	302.33	269.02
Operating and Other expenses (net)	189.18	162.48
Depreciation (net)	335.95	274.05
Interest and Finance Charges (net)	205.51	128.09
<b>TOTAL EXPENDITURE:</b>	<b>1032.97</b>	<b>833.64</b>
<b>Profit before tax (PBT)</b>	<b>156.28</b>	<b>133.95</b>
Current Tax	(33.47)	28.59
MAT Credit entitlement	24.11	(28.59)
Deferred Tax (Liability)/Asset	(53.01)	(48.51)
<b>Profit after tax (PAT)</b>	<b>93.91</b>	<b>85.45</b>



### Financial highlights of the Company:

The Andhra Pradesh Electricity Regulatory Commission (APERC) notified the tariffs for the Transmission and SLDC business separately through Multi Year Tariff (MYT) Order from FY 2014-15 to FY 2018-2019 w.e.f 17.5.14. Transmission and SLDC billing was done on the contracted capacities of the DISCOMs and other third party generators/open access customers for realization of the revenue show under income.

### The highlights of Revenue Account for the FY 2016-2017 are:

- i. The main reason for increase in revenue is due to increase in tariff rate of Rs.14.70 (i.e., from 76.66 per Rs/KW/Month) from 2015-16 to 91.36 (Rs/KW/Month) for 2016-17. However, the other income increased is mainly on account of receipt of additional Supervision charges of Rs.48.45 crs and interest on advance to suppliers of Rs.7.09 crs.
- ii. The increase/decrease in operating expenses is, mainly on account of:
  - A. Increase in the employee cost to the tune of 10% is mainly due to increase in increment and DA to the employees.
  - B. Increase of 10% in the operating expenses over the previous year due to enhancement of operating expenses.
  - C. The increase in depreciation on account of capitalization of the assets of Rs.1124.00 crs for the year 2015-16.
  - D. The increase in interest is mainly due to increase in capex borrowings of Rs.1068.72 crs in the current year and additional loans in previous year of Rs.1244.95 to meet the heavy capex programmes.

The Company had earned a net surplus/profit (after tax/ deferred tax provision/Mat credit) of Rs.93.91 Crores from its operations (Transmission and SLDC business) on a total turnover of Rs.1189.25 crores (including other income).

**Dividend:** As a measure of achieving/complying the self financing ratio of 20% of funding the ongoing and future capital expenditure for various transmission and SLDC projects of APTRANSCO, the Board had decided to retain the surplus amount as counterpart funding and therefore, not recommended any amount as dividend to its shareholders for the FY 2016-17.

### SHARE CAPITAL

The equity share capital in APTRANSCO as on 31.03.2013 (as per audited accounts) was apportioned by the GoAP vide G.O MS No. 26 Energy (CC) Department dt.29.05.2014 in the population ratio, while notifying the assests and liabilities of APTRANSCO and TSTRANSCO w.e.f 02.06.2014.

### Demerger of APTRANSCO:

Keeping in view the provisions of the Andhra Pradesh Reorganization Act, 2014, read with Schedule IX, proposals were sent to the Energy Dept., GoAP, vide Letter No.APTRANSCO/CMD/Co.Secy./045/2014,dt.28-04-2014, for formation of new entity for the State of Telangana. The Energy Dept., GoAP, vide Letter No. 1519 / CC / 2014-1, dt.09-05-2014, accepted the



proposals relating to three alternative names for the new entity; named the first four Directors and seven Subscribers for formation of the new entity and approved the draft Memorandum and Articles of Association as sent by APTRANSCO. Form No. INC-1 was e-filed with the Registrar of Companies (RoC), Hyderabad, on 16-05-2014, along with the prescribed documents and fee, for reservation of name for the new entity proposed for the State of Telangana. The RoC, Hyderabad, vide letter dt. 21-05-2014, gave approval for the proposed entity name as – ‘Transmission Corporation of Telangana Limited’, the abbreviation of which was decided as ‘TS TRANSCO’. Consequently, Form No. INC-7 was e-filed with the RoC, Hyderabad, along with the prescribed documents and fee, for incorporation of TS TRANSCO. The RoC, Hyderabad, issued Certificate of Incorporation on 29-05-2014 evidencing formation of TS TRANSCO. Letter No. CMD/Peshi/ D.No.66/14, dt. 06-05-2014, was addressed to the Energy Dept., GoAP, enclosing therein the proposals for transfer of Functions, Assets, Liability, Posts and Staff to the new TRANSCO for the State of Telangana, as part of Demerger Plan. The Plan, as sent to the GoAP, was placed before the Board, at its 99<sup>th</sup> Meeting held on 16-05-2014, for consideration and approval. The Board, with certain modifications, approved the Plan and gave permission to place the same before the Shareholders in the Extraordinary General Meeting (EGM). Accordingly, the Plan was placed before the Shareholders in the EGM held on 16-05-2014 and the same was approved. Consequently the Plan was sent to the Energy Dept., GoAP, and the Government issued G.O. Ms. No. 26, Energy (CC) Dept., dt. 29-05-2014, for transfer of functions, assets, liabilities, posts and employees to the newly created Telangana TRANSCO. The prescribed e-form was filed with the Registrar of Companies (RoC) for registration of Resolution passed at the EGM on 22-05-2014 and the same was approved by the RoC on 04-07-2014, and Accordingly, Transmission Corporation of Telangana Limited (TS TRANSCO) has become operational and functional w.e.f. 02-06-2014 (i.e., the date of formation of the State of Telangana) with its Head Quarters at Vidyut Soudha, Khairtabad, Hyderabad – 500 082 on demerger of APTRANSCO.

Apportionment/allocation of Assets and Liabilities to AP and TS TRANSCO as on 02.06.2014

- a) As per AP Reorganization Act, 2014 the state of Andhra Pradesh has bifurcated in to Andhra Pradesh and state of Telangana from 02.06.2014. The APTRANSCO has bifurcated into APTRANSCO & TSTRANSCO with effect from 02.06.2014. As per section 53 of AP Reorganization Act, 2014 the assets and liabilities were divided between the two entities provisionally as per draft demerger plan as under:
  - (i) the operational units between the two successor States on location basis; and
  - (ii) the headquarters between the two successor States pertaining to the region it belongs (in the cases of identified) and for others on the basis of population ratio.
- b) The Government of Andhra Pradesh has issued G.O.Ms.No.26 (Energy Dept.) dated 29.05.2014 for creation of Transco for Telangana State transferring of functions, assets, liabilities, posts and staff w.e.f 02.06.2014 to TS Transco, under AP Reorganization Act as per the methodology prescribed above. The draft demerger plan submitted to Expert Committee of Demerger of Government Corporations which is pending for final approval.



- c) Section 65 of AP Re-organization Act, 2014 also empowers the successor states of AP and Telangana to mutually agree upon the apportionment of Assets and Liabilities between themselves yet in a manner other than that provided in the Act, however, no such final agreement has been arrived at in so far as may be applicable to the affairs of APTRANSCO and TSTRANSCO.

**Corporate Social Responsibility:**

As envisaged under Section 135 of the Companies Act 2013, read with relevant Rules, Committee should recommend to the Board CSR Policy which shall indicate the activities to be undertaken by the Company as specified under Schedule VII of the Act. The Committee shall also recommend the amount of expenditure to be incurred on the activities and monitor the CSR Policy from time to time.

An amount of Rs. 1.96 Crores provision is made in the current year towards CSR responsibility by your company.

The following are the CSR Committee Members as on 31.03.2017

1. Sri K. Vijayanand, IAS – CMD
2. Sri P Umapathi, IPS (Retd.) - JMD (Vig. & Security)
3. Sri Dinesh Paruchuri, IRS - JMD(Fin.,Comml.,IPC,HRD&IT)

Contents of CSR Policy:

It is endeavour of the Company to focus on the following broad activities.

- (i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;



- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects; and
- (xi) slum area development.

The Company may take up such other activities which are broadly covered under schedule VII of the Act and any additions which may be made hereafter.

### **Auditors of the Company:**

#### **Statutory Auditors:**

**M/s. C.Venkata Krishna & Co.**, Chartered Accountants, Hyderabad, were appointed by the Comptroller & Auditor General of India (C & AG) as the Statutory Auditors of the Company for the financial year 2016-17. The Auditors had conducted the statutory audit and furnished their Report on 26<sup>th</sup> day of September 2017.

The Accountant General, O/o the C & AG, Andhra Pradesh, Hyderabad, had conducted the Supplementary Audit u/s 143(6) of the Companies Act, 2013 and the final comments were received on 19.12.2017.

#### **Cost Auditors:**

The Company required getting its Cost records audited under Companies Act 2013 as per the orders issued by the Ministry of Corporate Affairs, the board of directors of the Company accorded approval for appointment of **M/s. Narasimha Murthy & Co.**, Cost Accountants, Hyderabad, as the Cost Auditor of your Company for the FY 2016-17.

Your company is preparing and maintaining the Cost Accounting Records and the same were audited; vide notification issued by the Ministry of Corporate Affairs. Accordingly, Cost accounting records for the FY 2016-17 were prepared, audited.

#### **Internal Auditors of the Company:**

With a view to have a better control over the internal control system in vogue, the qualified Chartered Accountants were appointed as Internal Auditors by APTRANSCO to **Sri K. Ramachandra Rao, Sri V. Satyanarayana and Sri G. Subba Rao**, to conduct internal audit, submit their report and give suggestions to the management relating to the FY 2016-2017. Accordingly, the Internal Auditors had conducted audit and furnished their quarterly reports.

#### **Secretarial Audit Report**

**Sri P. Vithal Kumar**, Practicing Company Secretary was appointed as Secretarial Auditor under section 204 of the Companies Act, 2013 for the FY 2016-2017. The Secretarial Audit Report is annexed hereto and forms part of this report.

Replies to the comments of the Statutory Auditors and Comptroller and Auditor General of India  
Replies of the Management to comments of the Statutory Auditors, Comptroller and Auditor General of India (C&AG) and financials review by C&AG of India on the accounts of the Company for the year ended 31<sup>st</sup> March, 2017 are annexed here to and forms part of this report.



### **Human Resource Development, Training and Industrial Relations;**

During the Re-organization of the Andhra Pradesh State, Corporate Training Institute along with posts has been transferred to TS TRANSCO temporarily. However, 154 Employees were deputed to the various Customized training programmes which were conducted at Central Institute for Rural Electrification, at Hyderabad and 77 employees were deputed to the external training programmes/Conferences/Works shops, which were conducted by various institutes/ CBIP/ Power Line Magazine/NPTI/ICWAL MARF for the year 2015-16, for improving motivation skills, developing self-confidence, in sharing the technical skills between employees, to know the new/upcoming technology so as to improve the efficiency of the employees/ organization.

### **Significant Achievements/Awards**

#### Operational Achievements

- i) The peak demand of 7965 MW was met on 23.08.2016, as against 7391MW during the March month (22.3.2016) of last year.
- ii) Highest demand of 178.15 MU/Day was met during August 2016.
- iii) The energy handled during the year 2016-17 stood at 55160 MU (Provisional) as against 50195 MU during previous year.
- iv) Transmission losses were 2.92% during 2016-17 as against 3.37% during 2015-16.
- v) Transmission system availability was 99.963% during FY 2016-17 as against 99.95% during the previous financial year.
- vi) 4Nos 400 KV Sub-Stations, 12 Nos 220 KV Sub-Stations, 11 Nos 132 KV Substations, 714.95 CKM of 400 KV lines, 594.42 CKM of 220 KV lines and 306.96 CKM of 132 KV lines were added during FY 2016-17.



**List of Awards won in by APTRANSCO**

S. No	Year	Entity	Name of the Award	Subject / Category	Palce at which the function is received/ date of receipt	Name of the officer who received the award on behalf of utilities
1	2016	Andhra Pradesh State Load Dispatch Centre	“IPPAI regulators and policy makers retreat 2016”	Award for Best State Load Dispatch Centre (SLDC)’.	Goa, Dt: 24.09.2016	Sri Dinesh Paruchuri JMD, Finance/ APTRANSCO
2	2016	APTRANSCO	10th ENERTIA Awards -2016 - India & South Asia’s Awards for Excellence in Sustainable Energy & Power	“VAJRA” in the category of ‘Utilities and T&D Award- Power Transmission -’Best in Class’	New Delhi, Dt: 29th Dec’ 2016	Sri. K.Vijayanand CMD/APTRANSCO (represented by Sri. A.K.V.Bhaskar, SE/APTRANSCO)
3	2016	Andhra Pradesh State	WORLD BANK	World Bank has ranked AP state as No. 1 in the country in the area of “Energy Efficiency Implementation Readiness”	New Delhi, Dt: 4th Nov’ 2016	Sri.A.Chandrasekhara Reddy, CEO/APSECM has participated in the World bank report launching ceremeony during the International conference on Energy Efficiency organized by the World Bank & Energy Efficiency Services Limited(EESL)
4	2017	APTRANSCO	“Golden peacock HR Excellence Award for 2016”	Meritorious Human Resource Management	Bangalore, Dt: 21.01.2017	Sri K.Vijayanand, IAS, CMD/ APTRANSCO



### List of Live IT Applications

#### 1) Enterprise Resource Planning Application (ERP):

**Developer: M/s IFS Solutions India Pvt. Ltd**

**Description:** IFS ERP Application in APTRANSCO has been implemented by M/S Industrial Financial Solutions Pvt Ltd. The project covers the Business functionalities of Head quarters, all TL&SS/TLC wings (up to Division level) & all the Stores of APTRANSCO.

The ERP Application has been implemented in 2 Phases.

**In First Phase (in 2007)** the following Modules were implemented.

1. IFS ERP APP
2. File Life cycle Management (SAP)
3. APTRANSCO Website
4. E-mail App
5. Legal Case Management System(LCMS)
6. SLDC Reports & Website
7. Open Access
8. Vendor Registration Application
9. Tenders Upload
10. TOOs Application
11. Material Inspection Monitoring System (MIMs)
12. Load Monitoring Cell (LMC)
13. Pravah App
14. APTRANSCO Trainings

#### Corporate Governance practice:

APTRANSCO an unlisted wholly owned Andhra Pradesh State Government Company, is strictly adhering to the principles of Corporate Governance as envisaged in the Companies Act, 2013. Further, APTRANSCO continues to believe in observing the best corporate governance practices and benchmarking itself against each such practice on an ongoing basis.

#### Directors

The board of Directors of the Company are appointed/nominated by the Government of Andhra Pradesh. The Changes which have been occurred in the composition of Board of Directors of the Company are as follows:



**Changes Occurred From 01.04.2016 to 31.03.2017**

S.N	NAME	DESIGNATION	FROM	TO
1.	Sri K. Vijayanand, IAS	CMD	05-06-2014	Till
2.	Sri S. Subramanyam	Director(Projects)	03-07-2013	Till
3.	Sri Ajay Jain, IAS	Director(Non-Whole time)	22-07-2014	Till
	Dr. P.V. Ramesh, IAS	Director(Non-Whole time)	04/11/2013	28/07/2016
4.	Sri. Ravi Chandra Muddada, IAS	Director(Non-Whole time)	28/07/2016	Till
5.	Sri. Paradesi Umapathi, IPS (Retd.)	Director (Vig. & Security)	17/08/2015	Till
6	Sri.Nagaraja Swamy Rudra	Director (Grid & Transmission Management)	18/09/2015	—
7	Sri. Dinesh Paruchuri, IRS	Director (Finance, Comml, IPC,HRD & IT)	08/10/2015	Till

**Board Meetings held in 2016-17:**

The Board held its meetings on 22.04.2016, 18.08.2016, 21.09.2016, 27.12.2016, and 21.02.2017 in the financial year 2016-17.

**Audit Committee**

In Compliance with the provisions of Section 177 of the Companies Act, 2013, during the year under review, the Audit Committee has met on 18.08.2016, 27.12.2016 and 21.02.2017 The Composition of the Audit Committee as on 31.03.2017 is as follows:

S.N	NAME	DESIGNATION	FROM	TO
1.	Sri Ajay Jain, IAS	Director(Non-Whole time)	22-07-2014	Till
2.	Sri. Paradesi Umapathi, IPS (Retd.)	Director (Vig. & Security)	17/08/2015	Till
3.	Dr . P.V. Ramesh, IAS	Director(Non-Whole time)	04/11/2013	28/07/2016
4.	Sri M Ravi Chandra, IAS	Director(Non-Whole time)	28-07-2016	Till

**Details of Subsidiary/Associate Companies**

Your company had no subsidiaries/Associate companies during the financial year under review.

**Deposits**

During the year under review, the Company has not accepted any public deposits as per the Companies Act 2013.



### **Extract of the annual return**

As provided under Section 92 (3) of the Companies Act, 2013, the Extract of Annual Return is given in the Annexure in the prescribed Form MGT-9, which forms part of this report.

### **Particulars of Employees**

There were no employees drawing remuneration in excess of the prescribed limits whose details are required to be disclosed under Act and the top ten list of Officers remuneration / salary particulars are given in the Annexure to this report.

### **Disclosure under the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013**

APTRANSCO vide T.O.O.Rt.No.3, dt:09-04-2007 has constituted Complaints committee APTRANSCO vide T.O.O.Ms.No.277 dt:21-08-1999 adopted the GO.Ms. No.27 dt 21-4-1999 on equality in employment measures to eliminate discrimination against woman in the field of employment guidelines and norms. The Complaints committees were constituted in all Govt offices and Public sector under takings as per the guide lines and norms laid down by Hon'ble Supreme court in case of Vishakha & Ors. Vs.State of Rajasthan & Ors. (Jt. 1997(7) SC 384) to prevent sexual harassment of working Women.

Subsequent to bifurcation of Organization on 02.06.2014, AP Transco reconstituted the complaints committee vide Memo No.Addl.Secy/DS(L,IR&R)/ AS(L,IR&R)/PO(IR)/469/07, dt.23.09.2016 with the following members until further orders.

- |    |   |               |
|----|---|---------------|
| 1. | Smt. K. Sudha Rani,CE/Transmission          | - Chairperson |
| 2. | Smt. G. Nirmala, DE(Comml.)                 | - Member      |
| 3. | Smt. V. Anuradha, ADE/Comml., & PRO/Techl., | - Member      |
| 4. | Smt. V. Sasikala, AO(SLDC)                  | - Member      |
| 5. | Smt. O Meena Mahalakshmi, PO/Estt.          | - Member      |

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Woman at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2016-2017.

No of Complaints Received: - 1

No of Complaints disposed off: - 1

### **Conservation of energy, technology absorption and foreign exchange earnings and outgo**

During the year under review that energy efficiency activities has not been carried out by APTRANSCO.



**Foreign exchange earnings and outgo** – Nil during the year.

### **Directors' Responsibility Statement**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

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

### **Acknowledgements**

Your Directors express their gratitude to all stakeholders, bankers, Regulatory Authorities, Government, customers, suppliers, business associates from India, staff and workers for their continued support at all times and look forward to have the same in our future endeavours. Directors are pleased to record their appreciation of the sincere and dedicated services of the employees and workmen at all levels.

**For and on behalf of Board of Directors**

**Sd/-  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 02138144**



**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

*FOR THE FINANCIAL YEAR ENDED 31.03.2017*

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

To  
The Members,  
Transmission Corporation of Andhra Pradesh Limited  
APTRANSCO, Gunadala,  
Vijayawada, Andhra Pradesh 520008.

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

Based on my verification of the Transmission Corporation of Andhra Pradesh Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31.03.2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Transmission Corporation of Andhra Pradesh Limited ("the Company") for the financial year ended on 31.03.2017 according to the provisions of:

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

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

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



1. The Company is yet to comply with the provisions of Section 149(4) of the Companies Act, 2013 relating to appointment of Independent Directors on its Board.
2. The Company is yet to comply with the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 relating to appointment of Woman Director on its Board.

I further report that:

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that in view of the size and operations of the company, the systems and processes adopted in the company are inadequate to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company is advised to put in place an integrated Legal Compliance Management System with periodical reporting to the Board.

I further report that during the audit period the company has come under the purview of the AP Re-organisation Act, 2014 and subject to the provisions of the said Act in relation to bifurcation of assets and liabilities of Power Transmission Companies.

Place : Visakhapatnam  
Date: 28.12.2017

Signature : Sd/-  
Name : P. VITHAL KUMAR  
ACS No. : 14440  
CP No. : 8224

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.



**'Annexure A'**

To  
The Members,  
Transmission Corporation of Andhra Pradesh Limited  
APTRANSCO, Gunadala,  
Vijayawada, Andhra Pradesh 520008.

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

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

Place : Visakhapatnam  
Date : 28.12.2017

Signature : Sd/-  
Name : P. VITHAL KUMAR  
ACS No : 14440  
CP No : 8224



## ANNEXURE -1 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2017  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

- (i) CIN : U31909TG1998SGC030805
- (ii) Registration Date : 29/12/1998
- (iii) Name of the Company: Transmission Corporation of  
Andhra Pradesh Limited
- (iv) Category / Sub-Category  
of the Company: Limited by Shares/State Govt Company
- (v) Address of the Registered office  
and contact details: Vidyut Soudha, Hyderabad.  
Vijayawada AP  
cs.aptransco@gmail.com
- (vi) Whether listed company : No
- (vii) Name, Address and Contact  
details of Registrar and  
Transfer Agent, if any: Nil

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

S.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	TRANSMISSION	35107	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

S.No	Name and address of the company	CIN/GLN	Holding/ Subsidiary /Associate	% of shareheld	Applicable Section
	NIL				



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

**i) Category-wise Share Holding: Equity**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
A.Promoters (1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	454439695	454439695	100	0	454439695	454439695	100	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other..	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(1):-</b>	<b>0</b>	<b>454439695</b>	<b>454439695</b>	<b>100</b>	<b>0</b>	<b>454439695</b>	<b>454439695</b>	<b>100</b>	<b>0</b>
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>0</b>	<b>454439695</b>	<b>454439695</b>	<b>100</b>	<b>0</b>	<b>454439695</b>	<b>454439695</b>	<b>100</b>	<b>0</b>
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual share holders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual share holders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b> Total Public Share holding (B) = (B)(1) + (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs									
	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	0	454439695	454439695	100	0	454439695	454439695	100	

**(ii) Shareholding of Promoters :**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			%Change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Governor of Andhra Pradesh	454439695	100.00	0	454439695	100.00	0	0

**(iii) Change in Promoters' Shareholding (please specify, if there is no change): NIL**

The Company is a State Government Company and 100% Shareholding held by Governor of Andhra Pradesh. There are changes in Nominees of Governor of Andhra Pradesh which will not be considered as change in promoters.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL****(v) Shareholding of Directors and Key Managerial Personnel:**

The Company is a State Government Company and 100% Shareholding held by Governor of Andhra Pradesh. There are changes in Nominees of Governor of Andhra Pradesh which will not be considered as change in promoters.



**V. INDEBTEDNESS:**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	<b>Secured Loans excluding</b>	<b>Unsecured Loans deposits</b>	<b>Deposits GoAP</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	29954198709	83850536	-	30038049245
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	68423984	-	-	68423984
<b>Total (i+ii+iii)</b>	<b>30022622693</b>	<b>83850536</b>	<b>-</b>	<b>30106473229</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	14526848637	-	-	14526848637
Reduction	3839613290	24257936	-	3863871226
<b>Net Change</b>	<b>10687235347</b>	<b>-24257936</b>	<b>-</b>	<b>10662977411</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	40641434056	59592600	-	40701026656
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	111163578	-	-	111163578
<b>Total (i+ii+iii)</b>	<b>40752597634</b>	<b>59592600</b>	<b>-</b>	<b>40812190234</b>



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**  
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl.	Name of the MD/WTD and Manager	Remuneration (Amount in Rs.)					Total	Ceiling as per Act.
		Total Amount	Stock Option	Sweat Equity	Commis sion	Others		
1	Sri K. Vijayanand, IAS	167793	-	-	-	-	167793	Not applicable
2	Sri. Paradesi Umapathi, IPS (retd.)	3623473	-	-	-	-	3623473	Not applicable
3	Sri. Nagaraja Swamy Rudra	1648159	-	-	-	-	1648159	Not applicable
4	Sri. Dinesh Paruchuri, IRS	2542823	-	-	-	-	2542823	Not applicable
5	Sri. Sistu Subrahmnayam	3756279	-	-	-	-	3756279	Not applicable

**B. Remuneration to other Directors:**

SI No.	Name of the Director	Remuneration (Amount in Rs.)			
		Fee for attending board/committee meetings	commission	others	Total
1	Dr. P.V. Ramesh, IAS	250	Nil	Nil	250
2	Sri Ajay Jain, IAS	1750	Nil	Nil	1750
3	Sri M. Ravi Chandra	1000	Nil	Nil	1000
		<b>TOTAL</b>			<b>3000</b>



**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NIL**

Sl. No	Name of the MD/WTD and Manager	Remuneration (Amount in Rs.)					
		Gross Total	Stock Option	Sweat Equity	Commission	Others	Total
1	Company Secretary (Sri A. Srinivas Vijay kumar) (01/04/16 to 31/08/16)	1196929	-	-	-	-	1196929
2.	Sri M. Karunakar Reddy) (31/01/17 to 28/02/17)	37,161	-	-	-	-	37,161

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

For and on behalf of Board of Directors

Sd/-  
CHAIRMAN  
&  
MANAGING DIRECTOR  
DIN: 02138144



## Annexure -I

**Management's replies to the comments of the Statutory Auditors on the  
Annual Accounts for FY 2016-17**

Statutory Auditors comments	Management Replies
1. The Equity of the company has been apportioned to TSTRANSCO however the Share scripts are not physically transferred pending at the close of the year amounting to Rs.32477.79 lakhs.	The physical transfer of share scripts will be done after the issuance of Final orders for the Demerger of assets and liabilities between AP TRANSCO and TS TRANSCO by Government.
2 The Company has allocated to TSTRANSCO Surplus of Rs.166.87 crores in addition share of 41.68% amounting to Rs.35600.19 lakhs being balancing figure of the assets and liability. The aforesaid amount of Rs.166.87 crores is receivable from TS TRANSCO by the Company and consequently assets has been understated and resulting Surplus is also understated by Rs.166.87 crores.	The resulting balancing figure of the assets and liabilities on Final Demerger will be accounted under "AP Reorganisation adjustment Account"
3 In case of following Assets and Liabilities, there is a deviation in methodology adopted by company in allocation as required by Section 53 of the AP Reorganization Act, 2014, the details are as under:	

Statutory Auditors comments				Management Replies
Assets	Amount	Methodology	Deviation	
Fixed Assets (Gross)	1658.48 Crores	Allocated as per Population Ratio	To be Allocated on Location basis.	The region wise unidentified balances are allocated on population ratio.
Accumulated Depreciation	755.03 Crores	Allocated on the basis of value of assets	To be allocated based on location to the extent of Assets allocated on population ratio as stated above	
Capital Work in Progress	29.87 Crores	Allocated as per Population Ratio	To be Allocated on Location basis.	
Deferred Cost on employee benefits	299.43 Crores	Allocated on location Basis	Subject to final Adjustment on final allocation of employees	After finalisation of employee allocation to AP & TS, balances will be ascertained and apportioned.



Statutory Auditors comments				Management Replies
Assets	Amount	Methodology	Deviation	
Consumer Contribution	772.95 crores	Allocated as per Population Ratio	To be Allocated on Location basis.	The region wise unidentified balances are allocated on population ratio.
Income Tax and TDS	21.25 crores	Allocated as per Population Ratio	To be Allocated on Location basis.	In the Final De-merger this will be taken by AP.
Current Liabilities	239.57 Crores	Allocated as per Population Ratio	To be Allocated on Location basis.	The region wise unidentified balances are allocated on Population ratio.
Surplus	166.87 Crores	Allocated Rs.166.87 crores in addition to Population ratio being balancing figure of the assets and liability	To be allocated on Population ratio	The additional allocation of surplus will be accounted under "AP Reorganisation adjustment account" in the Final DemergerPlan.

4 Refer note no. 41 of notes to accounts regarding Vidyut Bonds, floated by the company on behalf of GoAP, amounting to Rs. 767.80 Crores outstanding in the name of the company as on 31.3.2017. Out of the said amount, Rs 417.8 Crores has been apportioned in favour of TSTRANSCO. These bonds are not shown in the books of the company. Consequently, the assets and liabilities of the company have been understated to the tune of Rs 350 Crores, excluding interest.

Disclosure regarding issue of bonds on behalf of GoAP from 2005-06 to 2008-09 is at Sl.no. 41 of notes to accounts.

5 Refer foot note at Accounting policy : 2.3: "Basis of measurement", regarding carrying the value of investment in un-quoted equity shares of M/s APGPCL, in the investments at cost instead of measuring the value at fair value as required by the IND AS 109 "Financial Instruments". We are unable to quantify the effect of the above on the financials of the Company in the absence its qualification.

The said investment were apportioned to the company in first transfer scheme from erstwhile APSEB as the power purchase activity and BST with APTRANSCO and these investment are unquoted. However, in the third transfer scheme the Bulk Supply Business and power purchase activity transferred to Discoms from APTRANSCO. These investments are in the demerger plan of APTRANSCO and TSTRANSCO. After finalisation of the Demerger plan the management will take appropriate decision. Hence, the cost of the investment has been adopted as fair value.



## Annexure - II

**Management's replies to the comments of the C & AG on the  
Annual Accounts for FY 2016-17**

C & AGs' Comments	Management Replies
<p><b>Balance Sheet</b> <b>Current Assets</b> <b>Financial Assets</b> <b>Trade Receivables</b> <b>(Note 9) - Rs. 159.76 crore</b></p> <p>As per the books of the company, amount receivable from the Discoms towards transmission and SLDC charges is Rs.141.77 crore as on 31 March 2017. However, as per APPCC which regulates the bills on behalf of the Discoms, outstanding amount is Rs.77.84 crore only. This resulted in overstatement of Trade Receivables and Revenue from Operations and Profit by Rs.63.93 crore (Rs. 141.77 crore - Rs.77.84 crore).</p>	<p>APTRANSCO has already commenced the reconciliation of receivable amounts from APDISCOMs/APPCC with APPCC and will be completed in FY 2017-18. Further, if any difference found the same disclosed in the Notes to Accounts for FY 2017-18.</p>
<p><b>Statement of Profit and Loss</b> <b>Revenues</b> <b>Revenue from Operations</b> <b>(Note 19)</b> <b>Transmission Charges</b> <b>- Rs. 934.86 crore</b></p> <p>As per Regulation 5 of 2005 of Andhra Pradesh Electricity Regulatory Commission, reduction/ increase in transmission charges shall be aggregate. The company however passed on the benefit of reduction of transmission charges for the year 2016-17 (Rs. 356.97 crore) to AP Discoms but omitted the increase in transmission charges for the years 2014-16 (Rs.158.10 crore). This resulted in understatement of Transmission Charges and Profit for the year by Rs.158.10 crore.</p>	<p>The Transmission charges for each of the MYT are determined in terms of APERC Regulation 5 of 2005, based on the ARR (Aggregate revenue Requirement) proposals submitted by the Company. Owing to variations in revenue recovery over approved period, the excess/shortfall in transmission charges will be adjusted in subsequent control period with financing cost at an average rate of borrowing during the year to which the variations relate and accounted in the year of such determination. Thus the transmission charges earned are subject to review by Hon'ble Commission in the subsequent MYT period. As such the truedown passed to the Discoms in an interim way only.</p> <p>The true up amount will be claimed by APTRANSCO in the true up filings with APERC as per the Regulation 5 of 2005 after completion MYT period (2014-15 to 2018-19) duly furnishing the details of actual revenue and actual expenditure including the true down passed to the Discoms and claim the additional true up amount from the APERC which</p>



C & AGs' Comments	Management Replies
	<p>is subject to scrutiny by the Regulator i.e., APERC. The true-up/truedown will be spread over a period of five years for the next control period i.e., from 2018-19 to 2023-24 by way of increase in the tariff. Thus, the true down amount passed to the discoms is to have fair revenue billing against the transmission charges. Further, it is to submit that, the true down amount was passed to the Discoms in excess of ROCE approved by APERC under the Tariff order for MYT 2014-19. As such, the benefits have been passed to the Discoms and to the end consumers (Public)/to relief to Government tariff subsidy against the Discoms.</p>
<p><b>Expenses</b>  <b>Employee Benefit Expenses (Note 21)</b>  <b>Salaries, Wages and Bonus - Rs.205.54 crore</b></p> <p>During 2015-16, the company paid Rs.23.99 crore as per High Court orders to the employees of AP origin unilaterally relieved by Telangana State power sector companies. This amount was initially booked as deposit recoverable under Other Non-current Assets. Even though the case is still pending, the company charged off the amount paid to the relieved employees as expenditure during current year. This resulted in overstatement of Salaries, Wages and Bonus and understatement of Other Non-current Assets by Rs.23.99 crore. Consequently, Profit for the year is understated to the same extent.</p>	<p>As per the Hon'ble High Court order, APTRANSCO has paid the 58.32% share of salaries to the relieved employees of TSTRANSCO on account of state bifurcation on 01.06.2014, accordingly the same was paid to TSTRANSCO employees through Pay Officer/ TSTRANSCO. APTRANSCO has filed petition with Hon'ble Supreme Court against the order of Hon'ble High Court. Hon'ble Supreme Court order not to pay the salaries to TS Relieved employees by APTRANSCO. Further, the Hon'ble Supreme Court ordered if any reimbursement is to be made to the state of Andhra Pradesh by the state of Telangana or vice versa, the same shall be decided by the Hon'ble High Court in its final orders which is yet to be pronounced.</p> <p>As such, the expenditure incurred for payment of 58.32% share of salaries kept under deposit till the order by Hon'ble Supreme Court, and the same were accounted as expenditure for the current year. After the final orders received from the High Court with regard to the reimbursement of salaries paid by APTRANSCO from TSTRANSCO, the same will be accounted as revenue in the year in which it is released.</p>



C & AGs' Comments	Management Replies
<p><b>Depreciation Expenses</b> <b>(Note 23) - Rs.335.95 crore</b></p> <p>As per its Accounting Policy, the company provided depreciation on property, plant and equipment available at the beginning of the year i.e. depreciation is not charged in respect of the assets commissioned during the year. This is contrary to the provisions of the Companies Act, 2013 which stipulate that depreciation shall be provided on pro rata basis from the date of utilisation of the asset. Non-provision of depreciation on the assets commissioned during the year resulted understatement of Depreciation and overstatement of Profit for the year by Rs. 37.90 crore.</p>	<p>APTRANSCO is depreciating the assets as per the guidelines of the Electricity (Supply) Annual Accounts Rules 1985, where in was specified vide para 2.60 (3) "Depreciation charge on a newly commissioned asset shall commence in the year immediately following the year of commissioning".</p> <p>The Company had implemented Ind AS from 2016-17 and the financials are prepared as per the Companies Act, 2013. However depreciation on the PPE was provided as per the ESAAR, 1985 only. However, the depreciation on PPE will be calculated as per Companies Act, 2013 with the MOP rates from the FY 2017-18 on wards as the APTRANSCO business is regulated by APERC.</p>
<p><b>Notes to Accounts</b></p> <p>As on 31 March 2017, 484 legal cases are pending against the company in various courts involving Rs.1601.75 crore. However, this was not disclosed as Contingent Liability in the Notes to Accounts.</p>	<p>The contingent liability is disclosed in the notes to accounts under item no.30 for an amount of Rs.168.47crs. for the current year liability. However, the total legal cases filed against the company will be reviewed/scrutinized and necessary disclosure will be given in accounts for FY 2017-18.</p>



## INDEPENDENT AUDITORS' REPORT

**To**  
**The Members of**  
**TRANSMISSION CORPORATION OF ANDHRA PRADESH LIMITED**

### REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Transmission Corporation of Andhra Pradesh Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### **Basis for Qualified Opinion**

1. The Equity of the company has been apportioned to TSTRANSCO however the Share scripts are not physically transferred pending at the close of the year amounting to Rs. 32477.79 lakhs.
2. The Company has allocated to TSTRANSCO Surplus of Rs.166.87 crores in addition to the share of 41.68% amounting to Rs. 35600.19 lakhs, being balancing figure of the assets and liability. The aforesaid amount of Rs.166.87 crores is receivable from TS TRANSCO by the Company and consequently assets have been understated and resulting Surplus is also understated by Rs.166.87 crores.
3. In case of the following Assets and Liabilities, there is a deviation in methodology adopted by the company in allocation as required by Section 53 of the AP Reorganization Act, 2014, the details are as under:



Assets	Amount (in crores)	Methodology	Deviation
Fixed Assets (Gross)	1658.48	Allocated as per Population Ratio	To be Allocated on Location basis.
Accumulated Depreciation	755.03	Allocated on the basis of Value of assets	To be allocated based on location to the extent of Assets allocated on population ratio as stated above
Capital Work in Progress	29.87	Allocated as per Population Ratio	To be Allocated on Location basis.
Deferred Cost on employee benefits	299.43	Allocated on Location Basis	Subject to final Adjustment on final allocation of employees
Consumer Contribution	772.95	Allocated as per Population Ratio	To be Allocated on Location basis.
Income Tax and TDS	21.25	Allocated as per Population Ratio	To be Allocated on Location basis.
Current Liabilities	239.57	Allocated as per Population Ratio	To be Allocated on Location basis.
Surplus	166.87	Allocated Rs.166.87 crores in addition to Population ratio being balancing figure of the assets and liability	To be allocated on Population ratio

Consequently, there is an impact on the assets and liabilities and allocation of Surplus and amount receivable, however impact of the above deviation on the financial statements is unascertained.

Further pending acceptance by TS TRANSCO, and approval and notification by the Governments of the State of Andhra Pradesh and Telangana, as stated at Note No. 32 of Notes to Accounts, the finality of the above numbers and the apportionment of the assets and liabilities (including contingent liabilities, contingent assets, claims etc.,) cannot be determined/confirmed at the date of our report, and hence it is not possible for us to express our opinion on such finality at this stage.

- Refer Note No. 41 of Notes to Accounts regarding Vidyut Bonds, floated by the company on behalf of GoAp, amounting to Rs.767.8 Crores outstanding in the name of the company as on 31.3.2017. Out of the said amount, Rs 417.8 Crores has been apportioned in favour of TSTRANSCO. These bonds are not shown in the books of the company. Consequently, the assets and liabilities of the company has been understated to the tune of Rs 350 Crores, excluding the accrued interest.



5. Refer foot note at Accounting policy:2.3: “Basis of measurement”, regarding carrying the value of investment in un-quoted equity shares of M/s APGPCL, in the investments at cost instead of measuring the value at fair value as required by the IND AS 109 “Financial Instruments”. We are unable to quantify the effect of the above on the financials of the company in the absence of its quantification.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matters stated in our Basis of Qualified Paragraph above**, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Matters of Emphasis:

Without qualifying our opinion, attention is drawn to the following;

- 1) Note No.32 (vii) with regard to the continuance of the charge and the outstanding loans on assets apportioned to TSTRANSCO, amounting to Rs. 1725.96 Crores as on 02.06.2014, which are in the name of the company.
- 2) Note no: 42 with regard to Loans raised on behalf of the DISCOMS up to the year 2004-05 amounting to Rs. 1.12 Crores (Previous Year Rs. 52.27 Crores) as on 31.3.2017, continued to be shown in the name of the company, despite the same having been transferred to the DISCOMS vide the Third Transfer Scheme.
- 3) Note No. 35 with regard to Non accounting of revenue in respect of demand raised on TSDISCOMS for transmission and SLDC charges of Rs.328.86 Crores (Previous Year: Rs. 236.18 Crores) due to non-finalisation of LTTA (Long Term Transmission Agreement) with those DISCOMS.
- 4) Note No. 37 of Notes to accounts, with regard to non creation of liability for Rs. 10.63 Crores (Previous Year Rs.4.08Crores) towards bills raised by TSTRANSCO for common expenditure.
- 5) Note No. 40 of Note to Accounts, with regard to the whole of the contingency reserve investments amounting to Rs. 95.00Crores including those apportioned to TSTRANSCO on demerger, continue to be held in the name of the company.
- 6) Note No: 45 of notes to accounts, with regard to the fixed assets that are overvalued to the extent of land transferred to Greater Visakha Municipal Corporation (GVMC). We are unable to quantify the same due to non-availability of value of land.



- 7) The company did not disclose its Capital commitments as on the date of the Balance sheet and we are unable to quantify the same as on the date of the balance sheet due to non-availability of required information.
- 8) The company did not disclose repayment schedule of term loans from Banks and FIs as required by "Schedule III" of the Companies Act, 2013. Further Maturity Pattern of the non-derivative financial liabilities with agreed repayment periods has not been disclosed as required by Ind AS 109, "Financial Instruments".

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements, except the matter mentioned at Point No. 5 of "Basis for Qualification" para given above, comply with the Accounting Standards specified under Section 133 of the Act read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
  - (e) Being a government Company, pursuant to the notification no.GSR 463 (E) dated 5<sup>th</sup> June,2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub section (2) of section 164 of the Companies Act,2013 are not applicable.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The company has disclosed the impact of pending litigations as on 31<sup>st</sup> March, 2017 on its financial position in its financial statements.
- ii. The company has made provision, under applicable law or Accounting standards, for material foreseeable losses, if any, on long term contracts. The company neither entered into any derivative contracts during the year nor have any outstanding derivative contract as at the end of the year.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No 48 to the standalone Ind AS financial statements.

**For C.VENKAT KRISHNA & CO.,  
Chartered Accountants  
Firm Registration No.004599S**

**Date: 26-09-2017  
Place: Hyderabad**

**Sd/-  
U. GOPALA KRISHNA MURTHY  
PARTNER  
Membership No. 025824**



## “ANNEXURE – A” TO THE INDEPENDENT AUDITOR’S REPORT

The Annexure referred to in our report to the members of **Transmission Corporation of Andhra Pradesh Limited** (‘The Company’) for the year ended 31<sup>st</sup> March 2017, we report that:

- i. In respect of the fixed assets of the Company:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no discrepancies were noticed on such verification.
  - (c) According to the information and explanations furnished to us, land carried in the books of the company comprises of land vested pursuant to the APER(TS) Rules 1999, lands acquired subsequently which was apportioned to the company consequent to the demerger plan, vide the AP Reorganization Act, 2014.

According to the information and explanations furnished to us and based on our examination, the company is in the process of up dation of title deeds and land records and in the absence of complete records we are unable to comment on whether the company holds title deeds in respect of the all immovable property (Land).

- ii.
  - (a) As per the information and explanations given to us, physical verification of Inventory has been conducted by the management at reasonable intervals.
  - (b) The procedure of physical verification followed by the management was reasonable and adequate in relation to the size of the company and the nature of the business.
  - (c) The company is maintaining proper records of inventory and there are no material discrepancies on such verifications.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act by the respective entities.
- iv. According to the information and explanations given to us, the Company has neither granted any loans nor made investments nor has given guarantees or security to the persons specified under Section 185 and 186 of the Act.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits. Therefore, the provisions of the clause



(v) of paragraph 3 of the Companies (Auditor’s Report) Order, 2016 are not applicable to the Company.

- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records u/s 148(1) of the Companies Act, 2013 and prima facie we are of the opinion that the prescribed accounts and records have been made and maintained properly.
- vii. (a) According to the information and explanation given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including, provident fund, Income Tax, VAT, Service Tax and other statutory dues. The undisputed amounts payable which were in arrears as on 31.03.2017 for a period of 6 months or more from the date they become payable are as follows:
  - 1. Service tax- Service tax payable by the company amounting to Rs.22,16,404 pending payment for more than 6 months.
  - 2. VAT- VAT payable by the company amounting to Rs. 4,740, pending payment for more than 6 months
- (b) According to the information and explanations given to us, the details of dues of VAT/Sales Tax, CST, Entry Tax and Income Tax, which have not been deposited on account of disputes are given below:-

Disputed claims of Sales Tax, Entry Tax, etc. as on 31st March 2017					
Name of the Statute	Financial year to which the matter pertains	Forum where dispute is pending	Total amount Disputed	(Rs. in lakhs) Amount paid as per Court Directions	Balance
Interest on APGST	1994-95 to 1996-97	High Court of AP	6584.28		6584.28
	1996-97 & 1997-98		2304.74		2304.74
VAT	2005-06	High Court of AP	3.89	3.17	0.72
CST	2005-06	High Court of AP	15.01	7.50	7.51
Entry Tax	2002-03	Supreme Court of India	1235.09		1235.09
	2003-04		342.83	171.42	171.41
	2004-05		963.43	481.71	481.72
	2005-06		672.27	87.89	584.38
	2005-06		359.02	63.60	295.42
	2006-07	High Court of AP	1405.18	702.59	702.59
Income Tax Act	2012-13	Commissioner of IT appeals	14567.00	2260.87	12306.13
	2013-14		9962.00	1494.00	8468.00
<b>Total</b>			<b>38414.74</b>	<b>5272.75</b>	<b>33141.99</b>



- viii. In our opinion and on verification of records, the Company has not defaulted in repayment of dues to its bankers or financial institutions during the year.
- ix. The company has not raised any money by way of initial public offer or further public offer. In our opinion and according to the information and explanations given to us and on perusal of the financial statements of the company, the monies raised by the company by way of debt instruments and term loans have been applied for the purpose for which they were obtained.
- x. To the best of our knowledge and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- xi. As per notification no GSR 463 (E) dated 5<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to Government Companies. Accordingly, provisions of the clause 3(xi) of the Order regarding managerial remuneration are not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. The transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable Accounting Standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly provision of clause 3(xvi) of the Order is not applicable to the Company.

**FOR C. VENKAT KRISHNA & CO.,  
Chartered Accountants  
Firm Regn. No.004599SU.**

**Sd/-  
GOPALA KRISHNA MURTHY  
PARTNER  
Membership No. 025824**

**Place: Hyderabad  
Date: 26-09-2017**



## **“ANNEXURE – B” TO THE INDEPENDENT AUDITORS’ REPORT**

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

We have audited the internal financial controls over financial reporting of **Transmission Corporation of Andhra Pradesh Limited** (“the Company”) as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR C. VENKAT KRISHNA & CO.,**  
Chartered Accountants  
Firm Regn. No.004599SU.

Sd/-

**GOPALA KRISHNA MURTHY**  
Partner  
Membership No. 025824

Place: Hyderabad  
Date: 26-09-2017



### ANNEXURE – C TO THE INDEPENDENT AUDITORS' REPORT

Below are our replies to the Directions issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act 2013.

Sl. No.	Directions	Action Taken	Impact on financial statement
<b>A. Directions</b>			
1	Whether the company has clear title/lease deeds for freehold and leasehold land for which title/lease deeds are not available	<p>According to the information and explanations furnished to us, land carried in the books of the company comprises of land vested pursuant to the APER(TS) Rules 1999, lands acquired subsequently which was apportioned to the company consequent to the demerger plan, vide the AP Reorganization Act, 2014.</p> <p>According to the information and explanations furnished to us and based on our examination, the company is in the process of up dation of title deeds and land records and in the absence of complete records we are unable to comment on whether the company holds title deeds in respect of the all the immovable properties (land).</p> <p>This has also been reported in the Auditors Report dated 26/09/2017 under the subhead-report on other legal and regulatory requirements as required by the Companies (Auditors Report) Order 2016, issued by the Government of India in terms of Section 143 (11) of the Independent auditors report under the point (i)(c)</p>	Nil
2	Whether there are any cases of waiver/write off of debt/loans/interest etc., if yes, the reasons there for and the amount involved	During our audit we have not come across any such cases of waiver/ write off of debt/ loans/interest.	Nil



Sl. No.	Directions	Action Taken	Impact on financial statement
<b>A. Directions</b>			
3	Whether proper records are maintained for inventories lying with the third parties & Assets received as gift/grant(s) from Government or other authorities.	The Company does not have any inventory lying with the third parties & the company received land from GoAP, Indian Railways and other private parties. The carrying amount of the same cannot be identified as the up dation of land records is in process.	Nil
4	We were not issued any Sub-directions by the C&AG for the year under report.		
<p>FOR <b>C. VENKAT KRISHNA &amp; CO.,</b> Chartered Accountants Firm Regn. No.004599SU.</p> <p>Sd/- <b>GOPALA KRISHNA MURTHY</b> Partner Membership No. 025824</p> <p>Place: Hyderabad Date: 26-09-2017</p>			



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF TRANSMISSION CORPORATION OF ANDHRA PRADESH LIMITED FOR THE YEAR ENDED 31 MARCH 2017.**

The preparation of financial statements of Transmission Corporation of Andhra Pradesh Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 September 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Transmission Corporation of Andhra Pradesh Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related audit report:

**Balance Sheet**  
**Current Assets**  
**Financial Assets**

**1. Trade Receivables (Note 9) –Rs159.76 crore**

As per the books of the company, amount receivable from the Discoms towards transmission and SLDC charges is Rs141.77 crore as on 31 March 2017. However, as per APPCC which regulates the bills on behalf of the Discoms, outstanding amount is Rs77.84 crore only. This resulted in overstatement of Trade Receivables and Revenue from Operations and Profit by Rs63.93 crore (Rs141.77 crore - Rs77.84 crore).

**Statement of Profit and Loss**  
**Revenues**  
**Revenue from Operations (Note 19)**

**2. Transmission Charges - Rs934.86 crore**

As per Regulation 5 of 2005 of Andhra Pradesh Electricity Regulatory Commission, reduction/increase in transmission charges shall be aggregate. The company however passed on the benefit of reduction of transmission charges for the year 2016-17 (Rs 356.97 crore) to AP Discoms but omitted the increase in transmission charges for the years 2014-16 (Rs 158.10



crore). This resulted in understatement of Transmission Charges and Profit for the year by Rs 158.10 crore.

### **Expenses**

#### **3. Employee Benefit Expenses (Note 21) Salaries, Wages and Bonus - Rs205.54 crore**

During 2015-16, the company paid Rs 23.99 crore as per High Court orders to the employees of AP origin unilaterally relieved by Telangana State power sector companies. This amount was initially booked as deposit recoverable under Other Non-current Assets. Even though the case is still pending, the company charged off the amount paid to the relieved employees as expenditure during current year. This resulted in overstatement of Salaries, Wages and Bonus and understatement of Other Non-current Assets by Rs23.99 crore. Consequently, Profit for the year is understated to the same extent.

#### **4. Depreciation Expenses (Note 23) - Rs335.95 crore**

As per its Accounting Policy, the company provided depreciation on property, plant and equipment available at the beginning of the year i.e. depreciation is not charged in respect of the assets commissioned during the year. This is contrary to the provisions of the Companies Act, 2013 which stipulate that depreciation shall be provided on pro rata basis from the date of utilisation of the asset. Non-provision of depreciation on the assets commissioned during the year resulted understatement of Depreciation and overstatement of Profit for the year by Rs37.90 crore.

#### **5. Notes to Accounts**

As on 31 March 2017, 484 legal cases are pending against the company in various courts involving Rs1601.75 crore. However, this was not disclosed as Contingent Liability in the Notes to Accounts.

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

**Place: Hyderabad  
Date: 19.12.2017**

**Sd/-  
(L.V.SUDHIR KUMAR)  
Principal Accountant General (Audit)**



**Balance Sheet As at 31 March 2017**

ఆస్తి అప్పుల పట్టిక

Rs. in Lakhs (లక్షల రూపాయలు)

	Notes గమనిక	31 March 2017 ప్రస్తుత సంవత్సరం	31 March 2016 గత సంవత్సరం చివర	1 April 2015 గత సంవత్సరం మొదలు
<b>Assets</b>				
ఆస్తులు				
<b>Non-current assets</b>				
స్థిరాస్తులు				
Property, plant and equipment	3	562,047.35	390,092.17	305,098.21
ఆస్తులు మరియు పరికరాలు				
Capital work-in-progress	3	256,325.96	231,836.99	129,391.64
జరుగుతున్న పనులుపై పెట్టుబడి ఖర్చులు				
Financial assets				
ఆర్థిక ఆస్తులు				
Investments	4	6,743.40	29,842.77	30,012.41
పెట్టుబడులు				
Loans	5	53,383.18	74,987.35	75,522.89
ఋణములు				
Other non-current assets	6 A	1,005.97	3,500.48	1,403.46
ఇతర స్థిరాస్తులు				
Non-current tax assets (net)	7	9,357.03	6,216.18	3,138.49
భవిష్యత్ పన్నుల నిధి				
<b>Total non-current assets</b>		<b>888,862.89</b>	<b>736,475.94</b>	<b>544,567.10</b>
మొత్తం స్థిరాస్తులు				
<b>Current assets</b>				
చరాస్తులు				
Inventories	8	22,455.00	27,047.93	42,426.59
జాబితాలు				
Financial assets				
ఆర్థిక ఆస్తులు				
Trade receivables	9	15,976.06	23,805.28	25,256.86
వాణిజ్యం పొందింది				
Cash and cash equivalents	10	10,751.57	4,485.19	6,179.15
నగదు లేదా నగదుతో సమానమైనవి				



	Notes గమనిక	31 March 2017 ప్రస్తుత సంవత్సరం	31 March 2016 గత సంవత్సరం చివర	1 April 2015 గత సంవత్సరం మొదలు
Other financial assets ఇతర ఆర్థిక ఆస్తులు	11	2,020.29	2,651.49	2,504.58
Other current assets ఇతర చరాస్తులు	6 B	11,770.16	4,824.37	2,460.07
<b>Total current assets</b> మొత్తం చరాస్తులు		<b>62,973.08</b>	<b>62,814.26</b>	<b>78,827.25</b>
<b>Total assets</b> మొత్తం ఆస్తులు		<b>951,835.97</b>	<b>799,290.20</b>	<b>623,394.35</b>
<b>Equity and liabilities</b> మూలధనం మరియు అప్పు				
<b>Equity</b> మూలధనం				
Equity share capital వాటా మూలధనం	12A	45,443.97	45,443.97	45,443.97
Other equity ఇతర మూలధనం	12B	236,987.41	234,579.98	216,541.42
<b>Total equity</b> మొత్తం మూలధనం		<b>282,431.38</b>	<b>280,023.95</b>	<b>261,985.39</b>
<b>Liabilities</b> అప్పులు				
<b>Non-current liabilities</b> స్థిర అప్పులు				
Financial liabilities ఆర్థిక అప్పులు				
Borrowings అప్పులు	13	387,394.90	261,711.33	156,670.84
Provisions ఖర్చుల కోసం దాచిన నిధి	14	19,871.98	26,732.87	31,716.49
Grants నిధులు	15	70,376.36	37,724.48	25,534.22
Deferred tax liabilities (net) భవిష్యత్ పన్ను నిధి	17	11,223.08	5,809.00	3,461.70
Other non-current liabilities ఇతర స్థిర అప్పులు	18 A	15,116.10	15,611.48	8,806.19



	<b>Notes</b> గమనిక	<b>31 March</b> <b>2017</b> ప్రస్తుత సంవత్సరం	<b>31 March</b> <b>2016</b> గత సంవత్సరం చివర	<b>1 April</b> <b>2015</b> గత సంవత్సరం మొదలు
<b>Total non-current liabilities</b> మొత్తం స్థిర అప్పులు		<b>503,982.42</b>	<b>347,589.16</b>	<b>226,189.44</b>
<b>Current liabilities</b> ప్రస్తుత అప్పులు				
<b>Financial liabilities</b> ఆర్థిక అప్పులు				
Other financial liabilities ఇతర ఆర్థిక అప్పులు	16	121,105.18	131,364.80	105,324.64
Provisions ఖర్చుల కోసం దాచిన నిధి	14	797.52	4,459.22	20,129.07
Other current liabilities ఇతర ప్రస్తుత అప్పులు	18 B	43,519.47	35,853.07	9,765.81
<b>Total current liabilities</b> మొత్తం ప్రస్తుత అప్పులు		<b>165,422.17</b>	<b>171,677.09</b>	<b>135,219.52</b>
<b>Total liabilities</b> మొత్తం అప్పులు		<b>669,404.59</b>	<b>519,266.25</b>	<b>361,408.96</b>
<b>Total equity and liabilities</b> మొత్తం మూలధనం మరియు అప్పు		<b>951,835.97</b>	<b>799,290.20</b>	<b>623,394.35</b>
See accompanying notes forming part of the financial statements				
In terms of our report attached		For and on behalf of the Board of Transmission Corporation of Andhra Pradesh Limited		
<b>For C.Venkata Krishna &amp; Co.,</b> Chartered Accountants FRN:004599S				
Sd/- <b>U.Gopalakrishna Murthy</b> Partner Membership no.:025824	Sd/- <b>K.Vijayanand</b> Chairman & Managing Director	Sd/- <b>Dinesh Paruchuri</b> Joint Managing Director (Fin.Comm.,IPC, HRD & IT & Chief Financial Officer (CFO)		
	Sd/- <b>V.B.S.Kumara Gupta</b> Financial Adviser & Chief Controller of Accounts (Accounts)	Sd/- <b>M.Karunakar Reddy</b> Company Secretary		
Place : Vijayawada Date : 26.09.2017				



## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2017

### A. Equity share capital

Rs. in Lakhs

	Amount
As at 1 April 2015	45,443.97
Changes in equity share capital	-
As at 31 March 2016	45,443.97
Changes in equity share capital	-
As at 31 March 2017	<b>45,443.97</b>

### B. Other equity

Rs. in Lakhs

	Reserves and surplus			Other comprehensive income	Total
	Retained earnings	Contingency reserve	Other reserves	Remeasurement of defined benefit obligations	
<b>Balance as at 1 April 2015</b>	93,948.49	4,060.67	127,260.52	(8,728.26)	216,541.42
Profit for the year	9,244.17	-	-	-	9,244.17
Amount added/(deducted) to contingency reserve	2,027.77	(2,027.77)	-	-	-
Addition/(deduction) to lift irrigation scheme reserve	-	-	8,794.40	-	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	11,271.94	(2,027.77)	8,794.40	-	18,038.57
<b>Balance at 31 March 2016</b>	<b>105,220.43</b>	<b>2,032.90</b>	<b>136,054.92</b>	<b>(8,728.26)</b>	<b>234,579.99</b>
<b>Balance as at 1 April 2016</b>	105,220.43	2,032.90	136,054.92	(8,728.26)	234,579.99
Profit for the year	9,391.21	-	-	-	9,391.21
Amount added/(deducted) to contingency reserve	(303.65)	303.64	-	-	(0.01)
Addition/(deduction) to lift irrigation scheme reserve	-	-	(12,178.36)	-	(12,178.36)



	Reserves and surplus			Other comprehensive income	Total
	Retained earnings	Contingency reserve	Other reserves	Remeasurement of defined benefit obligations	
Amount added/(deducted) to other reserves	(504.00)	-	929.00	-	425.00
Other comprehensive income	-	-	-	4,769.58	4,769.58
<b>Total comprehensive income for the year</b>	8,583.56	303.64	(11,249.36)	4,769.58	2,407.42
<b>Balance at 31 March 2017</b>	<b>113,803.99</b>	<b>2,336.54</b>	<b>124,805.56</b>	<b>(3,958.68)</b>	<b>236,987.41</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Transmission Corporation of Andhra Pradesh Limited

**For C.Venkata Krishna & Co.,**  
Chartered Accountants  
FRN:004599S

Sd/-  
**U.Gopalakrishna Murthy**  
Partner  
Membership no.:025824

Sd/-  
**K.Vijayanand**  
Chairman & Managing Director

Sd/-  
**Dinesh Paruchuri**  
Joint Managing Director  
(Fin.Comm.,IPC, HRD & IT & Chief Financial Officer (CFO)

Place : Vijayawada  
Date : 26.09.2017

Sd/-  
**V.B.S.Kumara Gupta**  
Financial Adviser & Chief Controller of Accounts (Accounts)

Sd/-  
**M.Karunakar Reddy**  
Company Secretary



## STATEMENT OF PROFIT AND LOSS

For the year ended 31 March 2017

వార్షిక ఆదాయము మరియు వ్యయముల పట్టిక

Rs. in Lakhs (లక్షల రూపాయలు)

	Notes గమనిక	31 March 2017 ప్రస్తుత సంవత్సరం	31 March 2016 గత సంవత్సరం
<b>Revenues</b>			
ఆదాయము			
Revenue from operations	19	102,152.01	88,354.74
పనుల నుంచి వచ్చిన ఆదాయము			
Other income	20	16,772.53	9,854.33
ఇతర ఆదాయము			
<b>Total income</b>		<b>118,924.54</b>	<b>98,209.07</b>
మొత్తం ఆదాయము			
<b>Expenses</b>			
ఖర్చులు			
Employee benefits expense	21	30,233.46	26,930.38
ఉద్యోగుల జీతభత్యాలు			
Finance costs	22	20,550.98	12,845.53
ఆర్థిక ఖర్చులు			
Depreciation expense	23	33,594.52	27,405.44
తరుగుదల ఖర్చులు			
Operating and other expenses	24	18,917.68	16,577.49
నిర్వహణ మరియు ఇతర ఖర్చులు			
<b>Total expenses</b>		<b>103,296.64</b>	<b>83,758.84</b>
మొత్తం ఖర్చులు			
<b>Profit from operations before income tax</b>		<b>15,627.90</b>	<b>14,450.23</b>
లాభము పన్నుల ముందు			
Current tax		(3,346.87)	
ప్రస్తుత పన్ను			
Mat credit entitlement		2,411.25	2,858.79
Deferred tax (charge) / credit			
Deferred tax (charge) / credit		(5,301.07)	(8,064.89)
భవిష్యత్ పన్ను కేటాయింపు			
Income tax expense	25	(6,236.69)	(5,206.10)
ఆదాయ పన్ను ఖర్చు			
<b>Profit for the year</b>		<b>9,391.21</b>	<b>9,244.13</b>
వార్షిక లాభము			



	Notes గమనిక	31 March 2017 ప్రస్తుత సంవత్సరం	31 March 2016 గత సంవత్సరం
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of defined benefit liability (net of tax)		4,769.58	-
<b>Total comprehensive income for the year</b>		<b>14,160.79</b>	<b>9,244.13</b>
ఇతర సమగ్ర ఆదాయము			
<b>Earnings per equity share</b>			
<b>- par value of INR 10 per share</b>			
Basic (Amount in INR)	31	2.07	2.03
Diluted	31	2.07	2.03
See accompanying notes forming part of the financial statements In terms of our report attached			
For and on behalf of the Board of Transmission Corporation of Andhra Pradesh Limited			
<b>For C.Venkata Krishna &amp; Co.,</b> Chartered Accountants FRN:004599S			
Sd/- <b>U.Gopalakrishna Murthy</b> Partner Membership no.:025824	Sd/- <b>K.Vijayanand</b> Chairman & Managing Director	Sd/- <b>Dinesh Paruchuri</b> Joint Managing Director (Fin.Comm.,IPC, HRD & IT & Chief Financial Officer (CFO)	
Place : Vijayawada Date : 26.09.2017	Sd/- <b>V.B.S.Kumara Gupta</b> Financial Adviser & Chief Controller of Accounts (Accounts)	Sd/- <b>M.Karunakar Reddy</b> Company Secretary	



**Statement of cash flows as at 31 March 2017**

*Rs. in Lakhs*

	<b>31 March 2017</b>	<b>31 March 2016</b>
<b>Cash flow from operating activities</b>		
Profit before tax	15,627.90	14,450.23
<b>Adjustments for</b>		
Depreciation	33,594.87	27,406.10
Contributions towards depreciation of lift irrigation scheme assets	(1,940.28)	(1,938.35)
Fair value of investments	(54.44)	(169.64)
Provision for doubtful advances	-	-
Interest expense on industrial development area, Parawada loan (net of interest income)	30.44	36.48
Income from investments	(264.75)	(764.33)
Interest on investments under contingency reserve	(464.34)	(448.66)
Prepaid employee cost on loans and advances to staff (net of interest income)	(43.81)	(28.27)
Interest on state government loans	38.78	48.75
Interest on loans	20,481.77	12,760.30
Appropriations to other reserves	(11,753.36)	8,794.40
<b>Change in operating assets and liabilities</b>		
Decrease in trade receivables	7,829.21	1,451.58
Decrease in inventories	4,592.94	15,378.65
(Increase) in other non current and current assets	(4,451.27)	(4,461.34)
Decrease in loans (current)	21,647.98	563.80
Decrease/(Increase) in other financial (current) assets	44.40	(151.98)
(Decrease)/Increase in other non-current and current financial liabilities	(10,259.60)	25,864.11
(Decrease)/Increase in other non-current and current liabilities	7,170.97	32,892.57
(Decrease) in provisions	(3,228.77)	(20,653.46)
Increase in deferred tax liabilities	(2,411.25)	(5,717.58)
<b>Cash generated from operations</b>	<b>76,187.39</b>	<b>105,313.36</b>
Income taxes paid	(4,076.39)	(218.91)
<b>Net cash from operating activities</b>	<b>72,111.00</b>	<b>105,094.45</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(228,098.76)	(212,907.05)
Proceeds from sale of investments	23,153.80	339.29
Interest income from investments	493.81	810.76
Interest income on investments under contingency reserve	822.08	407.30
<b>Net cash used in investing activities</b>	<b>(203,629.07)</b>	<b>(211,349.70)</b>



<b>Cash flows from financing activities</b>		
Repayment of borrowings	125,653.11	105,004.03
Grants obtained	32,651.88	12,190.26
Interest paid on borrowings	(20,520.54)	(12,633.00)
<b>Net cash used in financing activities</b>	<b>137,784.45</b>	<b>104,561.29</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,266.38</b>	<b>(1,693.96)</b>
Cash and cash equivalents at the beginning of the year	4,485.19	6,179.15
<b>Cash and cash equivalents at the end of the year</b>	<b>10,751.57</b>	<b>4,485.19</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		
Cash and cash equivalents as per above comprise of the following		
Cash in hand	196.13	559.87
Balances with scheduled banks		
- Current accounts	8,603.41	3,081.16
- Deposit accounts	1,952.03	844.16
<b>Total</b>	<b>10,751.57</b>	<b>4,485.19</b>
See accompanying notes forming part of the financial statements In terms of our report attached		
For and on behalf of the Board of Transmission Corporation of Andhra Pradesh Limited		
<b>For C.Venkata Krishna &amp; Co.,</b> Chartered Accountants FRN:004599S		
Sd/- <b>U.Gopalakrishna Murthy</b> Partner Membership no.:025824	Sd/- <b>K.Vijayanand</b> Chairman & Managing Director	Sd/- <b>Dinesh Paruchuri</b> Joint Managing Director (Fin.Comm.,IPC, HRD & IT & Chief Financial Officer (CFO)
Place : Vijayawada Date : 26.09.2017	Sd/- <b>V.B.S.Kumara Gupta</b> Financial Adviser & Chief Controller of Accounts (Accounts)	Sd/- <b>M.Karunakar Reddy</b> Company Secretary



## Notes to the financial statements for the year ended 31 March 2017

### 1. Profile of the Company and Significant Accounting policies

#### 1.1 Corporate information:

Transmission Corporation of Andhra Pradesh Limited ('the Company') was incorporated on 1 February 1999. The Company is engaged in the business of providing transmission and state load dispatch services (SLDC) of the electrical energy throughout the state of Andhra Pradesh by way of acquiring, constructing and operating the Extra High Tension (EHT) transmission network i.e. 400kV to 132kV level substations and lines. Consequent to the Division of the State of Andhra Pradesh, vide the A.P. Reorganization Act, 2014, The Company's Assets & liabilities and operations relating to the State of Telangana have been demerged and handed over to Telangana State Transmission Corporation Limited (TSTRANSCO) with effect from 2<sup>nd</sup> June 2014. The company's operations are now mainly carried in the residuary state of the Andhra Pradesh. The Company's registered office is located at 48-12-4/1, Eluru Road, Gunadala, Vijayawada, Andhra Pradesh- 520008.

### 2 Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the Act) and other relevant provisions of the Act, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India and the provisions of the Electricity (Supply) Act, 1948 and the rules made there under. Depreciation on fixed assets has been provided at the rates prescribed by the Ministry of Power (MOP) as per the guidelines of the AP Electricity Regulatory Commission.

For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the related provisions of the Electricity (Supply) Act, 1948 and the rules made there under, Electricity (Supply) And (Accounting Rules) (ESAAR), in consonance with Section 129(1) and (1)(d) of the Companies Act, 2013 and the accounting standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies Accounts Rules, 2014 (Indian GAAP) to the extent not contrary to the applicable Provisions and Rules under the Electricity Supply Act 1948. Further, Section 185(2) (d) of the Electricity Act, 2003, specifies that ESAAR were not repealed.

These are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for the purpose of transitioning to Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided.

#### 2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, (except the shares data which is given in numbers) unless otherwise stated.



### 2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities :

Items	Measurement basis
<b>1. Investments: #</b>	Fair value

Quoted Equity Shares of GVKPIL

### 2. Loans to Company Staff:

Concessional Interest on Loans to Staff

Net defined benefit (asset)/ liability      Present value of defined benefit obligations.

*# Note: Indian Accounting Standards (IndAs) have not been applied to the Investments in unquoted equity shares of APGPCL, hence the value of such investments are carried at historical cost only. Even though it is a deviation from the application of mandatory IndAs, it may not materially affect the financials of the Corporation.*

### 2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, and disclosures as on the date of the financial statements and the reported amounts of the revenue and expenses for the years presented. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis, revisions to accounting estimates are recognised in the period in which estimate is revised. If the revisions affect only that period are in the period of the revision and future periods, if the revision affects both the current and future periods.

#### Critical judgment:

In the process of applying company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

#### Discount rates used to determine the carrying amounts of the Company's define benefit obligations:

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in Indian currency for estimation of post-employment benefit obligation.

#### Contingencies and commitments:

In the normal course of business, contingent liabilities may arise from litigations and other claims against the company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, the same have been treated as contingent liabilities. Such liabilities are disclosed in the notes but not provided for in the financial statements. Although there can be no assurance regarding the final outcome of



the legal proceedings, we do not expect them to have materially adverse impact on our financial position or profitability.

**Allowance for doubtful debts:**

The company makes allowance for doubtful debts based on the assessment of the recoverability of the receivables. The identification of the doubtful debts requires use of judgments and estimates. When the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debt expenses in the period in which such estimates has been made. The major part of the company's receivables are from rate regulated industries, it does not expect any difficulty in recovery of the same.

**Allowance for inventories:**

The Management reviews the inventory age listing on periodic basis. The review involves comparison of carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow moving items. The management is satisfied that adequate allowance of obsolete and slow moving inventories has made in the financial statements.

**2.5 Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 2.6 (a) – financial instruments.



## 2.6 Significant accounting policies

### (a) Financial instruments

#### ***Non-derivative financial instruments***

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on trade date. While, loans and borrowings and payables are recognized net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets at amortized cost; non derivative financial liabilities at amortized cost.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition

#### ***Non- derivative financial assets***

Financial assets are initially measured at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The company's financial assets include security deposits, cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current assets.

#### ***Non-derivative financial liabilities***

Financial liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

The company has the following financial liabilities: loans and borrowings, trade and other payables including deposits collected from various parties.

#### ***Offsetting***

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### (b) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its



intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit and loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**(ii) Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**(iii) Subsequent expenditure**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

**(iv) Depreciation**

Depreciation on property, plant and equipment is provided in the books on the value of assets at the beginning of the year as per the Electricity (Supply) (Annual Accounts) Rules 1985 and as per the Rates notified in the Gazette Notification S.O.265 (E) dated 29<sup>th</sup> March 1994 issued by the Government of India from time to time. The Company is charging depreciation up to 90% of cost of the Property, Plant and Equipment. In as much as the residual value is predetermined at 10 % on all assets. However, the rates adopted are not in line with Schedule II of the Companies Act, 2013.

**(c) Inventories**

Inventories of stocks of construction materials and other stores are valued at cost or net realizable value which is lower at weighted average cost.

**(d) Impairment of assets**

**i. Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more



events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company measures loss allowances as per the guidance given in Ind AS 109.

#### Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive).

#### *Presentation of allowance for expected credit losses in the balance sheet*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### **ii. Impairment of non-financial assets**

The Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

**e. Employee benefits****i) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

**ii) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**iii) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



**‘Pension and Gratuity’:** The Company provides for Pension and Gratuity, a defined benefit retirement plan covering eligible employees recruited before 01.02.1999. The Pension and Gratuity Plan provides a lump-sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s salary and the tenure of employment with the Corporation. Liabilities with regard to the Pension and Gratuity Plan are determined by actuarial valuation at each Balance sheet date using the projected unit credit method. The Corporation contributes towards liabilities as per actuarial valuation to the AP Transco Pension and Gratuity Trust.

**‘Gratuity’:** The Company provides for gratuity, a defined benefit retirement plan covering eligible employees who have been recruited on or after 01.02.1999. The Gratuity Plan provides a lump-sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s salary and the tenure of employment with the Corporation. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance sheet date using the projected unit credit method. The Corporation contributes towards liabilities as per actuarial valuation to the AP Transco Gratuity Trust.

Trustees administer contributions made to the Trusts for above plans and contributions are invested in specific investments as permitted by the law.

The Company recognizes the net obligation of the ‘Gratuity Plan’ and ‘Pension and Gratuity Plan’ in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15 (Revised), ‘Employee Benefits’.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

**Earned Leave Encashment:** The employees of the Company are entitled to earned leave which are both accumulating and non-accumulating in nature. The expected cost of accumulating earned leave is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date.

#### **f. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue is net of amounts collected on behalf of third parties.

The Company recognizes revenue when the significant risks and rewards of the ownership have been transferred to the customer, amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company’s activities as described below.

##### **i) Rendering of services**

Revenue is recognised when the outcome of the services rendered can be estimated reliably. Revenue is recognised in the period when the service is performed by reference to the contract stage of completion at the reporting date.

**ii) Other income**

Interest on bank deposits is recognised on the effective interest rate (EIR method) using the underlying interest rates. Dividend income is recognised when the unconditional right to receive the payment is established.

**g. Leases***As a lessee*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**h. Government grants**

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating revenue on a systematic basis. Grants related to depreciable assets are recognised in profit or loss over the period and in the proportion in which depreciation expense on those assets is recognised.

**i. Income-tax**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**i) Current tax**

Current tax comprises the expected tax payable on the taxable income or book profit for the current year and any adjustment to such tax payable for the previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**ii) Deferred tax**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred income tax liabilities are recognised for all taxable temporary differences.

**j. Segment reporting**

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). As the transmission of power is considered as only one reportable segment, no separate financial disclosure has been provided for the segment reporting.

**k. Earnings per share**

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares.

**l. Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

**m. Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.



**3. Property, plant and equipment and capital work-in-progress**  
**A Reconciliation of carrying amount**

*Rs. in Lakhs*

	Land	Buildings	Other civil works	Plant and equipment	Lines and cable network	Vehicles and fixtures	Furniture and fixtures	Office equipment	Total (A)	Capital work-in-progress (B)	Total (A+B)
<b>Deemed cost (gross carrying amount)</b>											
Balance at 1 April 2015	3,176.22	3,940.47	1,318.52	126,150.86	168,998.54	17.70	146.91	1,348.99	305,098.21	129,391.64	434,489.85
Additions	58.17	473.49	728.26	30,469.23	80,201.58	8.87	36.09	424.35	112,400.05	102,445.35	214,845.40
Disposal	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2016</b>	3,234.40	4,413.96	2,046.78	156,620.09	249,200.12	26.57	183.00	1,773.34	417,498.26	231,836.99	649,335.25
Balance at 1 April 2016	3,234.40	4,413.96	2,046.78	156,620.09	249,200.12	26.57	183.00	1,773.34	417,498.26	231,836.99	649,335.25
Additions	1,069.04	1,807.08	2,508.07	86,886.32	112,173.19	-	26.92	1,081.05	205,551.68	24,488.97	230,040.65
Disposal	-	-	-	-	-	1.62	-	-	1.62	-	1.62
<b>Balance at 31 March 2017</b>	4,303.44	6,221.05	4,554.85	243,506.42	361,373.30	24.95	209.92	2,854.39	623,048.32	256,325.96	879,374.28
<b>Accumulated depreciation</b>											
Depreciation for the year	-	180.61	43.73	13,864.24	13,044.38	4.88	25.11	243.13	27,406.10	-	27,406.10
<b>Balance at 31 March 2016</b>	-	180.61	43.73	13,864.24	13,044.38	4.88	25.11	243.13	27,406.10	-	27,406.10
Balance at 1 April 2016	-	180.61	43.73	13,864.24	13,044.38	4.88	25.11	243.13	27,406.10	-	27,406.10
Depreciation for the year	-	291.78	64.22	15,448.89	17,525.41	10.60	25.54	228.44	33,594.87	-	33,594.87
<b>Balance at 31 March 2017</b>	-	472.39	107.95	29,313.14	30,569.80	15.48	50.65	471.57	61,000.97	-	61,000.97
<b>Carrying amounts (net)</b>											
As on 1 April 2015	3,176.22	3,940.47	1,318.52	126,150.86	168,998.54	17.70	146.91	1,348.99	305,098.21	129,391.64	434,489.85
As on 31 March 2016	3,234.40	4,233.35	2,003.05	142,755.85	236,155.73	21.69	157.89	1,530.21	390,092.17	231,836.99	621,929.15
As on 31 March 2017	4,303.44	5,748.66	4,446.90	214,193.28	330,803.51	9.47	159.27	2,382.82	562,047.35	256,325.96	818,373.31

Note: The Company has capitalised interest of INR 18,632 lakhs for the year (as on 31 March 2016 INR 12,509 lakhs, 1 April 2015 INR 7,800 lakhs) during construction period upto the date of completion of assets/project which is included in additions under Capital Work in Progress



## Notes to the financial statements (continued)

Rs. in Lakhs

## 4. Investments

	31 March 2017	31 March 2016	1 April 2015
<b>Non-current investments</b>			
<b>Unquoted debt securities</b>			
<b>Government securities measured at amortized cost</b>			
GOI Bonds	147.66	162.55	162.55
1) 8.15% bonds of AP Power Finance Corporation	5.60	5.60	5.60
2) 8.74% bonds of AP Power Finance Corporation	363.70	363.70	363.70
3) 9.60% bonds of AP Power Finance Corporation	145.48	145.48	145.48
4) 8.95% vidyut bonds I/2006 of APTRANSCO issued by GoAP	637.88	637.88	637.88
5) 8.69% vidyut bonds II/2006 of APTRANSCO Issued by GoAP	27.98	27.98	27.98
6) 8.55% vidyut bonds I/2008 of APTRANSCO issued by GoAP	44.76	44.76	44.76
7) 8.55% Omni bonds of Industrial Development Bank of India	-	677.04	677.04
8) 8.40% bonds of Tamilnadu Electricity Board	33.57	33.57	33.57
9) 8.64% bonds of Tamilnadu Electricity Board	39.17	39.17	39.17
10) 8.23% bonds of Karnataka State Financial Corporation	61.55	61.55	61.55
11) 9.64% bonds of AP Power Finance Corporation	55.95	55.95	55.95
12) 9.67% bonds of Tamil Nadu Power Finance and Infrastructure Development Corporation	380.49	380.49	380.49
13) 9.15% AP State Finance Corporation bonds	78.34	78.34	78.34
14) 10.25% bonds of Rajasthan Rajya vidyut Prasaran Nigam Limited	167.86	167.86	167.86
15) 10.25% bonds of Rajasthan State Road Transport Corporation	654.66	654.66	654.66
16) 8.69% bonds of Rajasthan Rajya vidyut Prasaran Nigam Limited	83.93	83.93	83.93
17) 8.62% bonds of Haryana Vidyut Prasaran Nigam Limited	626.68	626.68	626.68
18) 9.95% Series 1/2014 power bonds of Eastern Power Distribution Company of Andhra Pradesh Limited	-	3,160.00	3,160.00
19) 9.95% Series 1/2014 power bonds of Southern Power Distribution Company of Andhra Pradesh Limited	-	4,460.00	4,460.00
20) 10% Series 3/2014 power bonds of Eastern Power Distribution Company of Andhra Pradesh Limited	-	6,115.00	6,115.00
21) 10% Series 3/2014 power bonds of Southern Power Distribution Company of Andhra Pradesh Limited	-	8,618.00	8,618.00
<b>Quoted equity shares</b>			
<b>Equity shares at FVTPL</b>			
6,330,000 ( 1 April 2015: 6,330,000) equity shares of GVK Power & Infrastructure Limited.	377.90	432.34	601.98
<b>Unquoted equity shares</b>			
<b>Equity shares</b>			
15,758,400 (1 April 2015: 15,758,400 ) equity shares of APGPCL	2,810.24	2,810.24	2,810.24
	<b>6,743.40</b>	<b>29,842.77</b>	<b>30,012.41</b>



	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Aggregate book value of quoted investments	377.90	432.34	601.98
Aggregate market value of quoted investments	377.90	432.34	601.98
Aggregate value of unquoted investments	6,365.50	29,410.43	29,410.43
Aggregate amount of impairment in value of investments	-	-	-
<b>5. Loans</b>			<i>Rs. in Lakhs</i>
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
<b>A. Non-current</b>			
Loans and advances - discoms pool account	51,779.32	73,178.32	73,178.32
Loans and advances to staff	1,603.86	1,809.03	2,344.57
	<b>53,383.18</b>	<b>74,987.35</b>	<b>75,522.89</b>
<b>6. Other assets</b>			<i>Rs. in Lakhs</i>
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
<b>A. Non-current</b>			
Prepaid employee cost	161.01	189.71	218.25
Money paid to statutory/judicial authorities under protest	844.96	3,310.77	1,185.21
	<b>1,005.97</b>	<b>3,500.48</b>	<b>1,403.46</b>
<b>B. Current</b>			
Deposits-revenue department- land acquisition	6,947.08	2,137.72	808.67
Advances for operations and maintenance supplies/works	1,719.91	1,442.22	314.33
Other receivables - discoms	382.52	399.79	711.04
Pensioners-HUDHUD advance	-	1.76	25.90
Other claims and receivables	2,720.65	842.88	600.13
	<b>11,770.16</b>	<b>4,824.37</b>	<b>2,460.07</b>
<b>7. Other tax assets</b>			<i>Rs. in Lakhs</i>
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
<b>Other tax assets</b>			
Advance income tax/deduction at source (net of provision for income tax)	9,357.03	6,216.18	3,138.49
	<b>9,357.03</b>	<b>6,216.18</b>	<b>3,138.49</b>
<b>8. Inventories</b>			<i>Rs. in Lakhs</i>
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
(a) Consumables	22,455.00	27,047.93	42,426.59
	<b>22,455.00</b>	<b>27,047.93</b>	<b>42,426.59</b>



*Amounts recognized in profit or loss*

Inventories are carried at lower of cost or net realizable value by providing provision for Obsolete, Unservicable & Scrap. Refer note no.24

**9. Trade receivables**

*Rs. in Lakhs*

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
<b>Trade receivables</b>			
Unsecured, considered good	15,976.06	23,805.28	25,256.86
- Less than 6 months	8,740.87	23,141.15	21,734.97
- More than 6 months	7,235.19	664.13	3,521.89
	<b>15,976.06</b>	<b>23,805.28</b>	<b>25,256.86</b>
<b>Provision for doubtful receivables / advances</b>			
Unsecured, considered good	-	-	-
<b>Net trade receivables</b>	<b>15,976.06</b>	<b>23,805.28</b>	<b>25,256.86</b>

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 27.

**10. Cash and cash equivalents**

*Rs. in Lakhs*

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Cash in Transit (LOC)	196.13	559.87	68.59
Bank balances	8,603.41	3,081.16	5,658.66
Fixed deposits	1,952.03	844.16	451.90
<b>Cash and cash equivalents</b>	<b>10,751.57</b>	<b>4,485.19</b>	<b>6,179.15</b>

**11. Other financial assets**

*Rs. in Lakhs*

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Receivable from employees / ex-employees	247.97	256.49	257.75
Interest accrued and but not due - Inter corporate deposits	1,136.35	1,365.41	1,411.84
Interest accrued but not due - others	203.41	561.15	519.79
Sundry debtors - trading account	432.56	468.44	315.20
	<b>2,020.29</b>	<b>2,651.49</b>	<b>2,504.58</b>

**12A. Share capital**

**Authorized equity share capital**

	<b>Number of shares</b>	<b>Amount (INR in lakhs)</b>
As at 1 April 2015	2,500,000,000	250,000
Increase during the year		
<b>As at 31 March 2016</b>	<b>2,500,000,000</b>	<b>250,000</b>
Increase during the year	-	-
<b>As at 31 March 2017</b>	<b>2,500,000,000</b>	<b>250,000</b>



**(i) Movements in equity share capital**

	Number of shares	Amount (INR in lakhs)
<b>As at 1 April 2015</b>	<b>454439695</b>	<b>45,443.97</b>
Issue of shares during the year		
<b>As at 31 March 2016</b>	<b>454439695</b>	<b>45,443.97</b>
Issue of shares during the year	-	-
<b>As at 31 March 2017</b>	<b>454439695</b>	<b>45,443.97</b>

**Terms and rights attached to equity shares**

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

*(ii) Shares of the Company held by holding company*

	31 March 2017	31 March 2016	1 April 2015
State Government of Andhra Pradesh	454,439,695	454,439,695	454,439,695

*(iii) Details of shareholders holding more than 5% shares in the Company*

	31 March 2017		31 March 2016		1 April 2015	
Name of the shareholder	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Equity shares of INR 10/- each fully paid-up State Government of Andhra Pradesh	454,439, 695	100%	454,439, 695	100%	454,439, 695	100%

As per the records of the Company including its register of shareholders and other declarations received from shareholders regarding beneficial interest the above shareholding represents both legal and beneficial interest.



<b>12B. Other equity</b>			
	<i>Rs. in Lakhs</i>		
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Retained earnings	113,803.99	105,220.42	93,948.49
Other comprehensive income	(3,958.68)	(8,728.26)	(8,728.26)
Contingency reserve	2,336.54	2,032.91	4,060.67
Other reserves	124,805.56	136,054.92	127,260.52
<b>Total other equity</b>	<b>236,987.41</b>	<b>234,579.99</b>	<b>216,541.42</b>
<b><i>i. Retained earnings</i></b>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Opening balance	105,220.42	93,948.49	142,265.72
Add: Profit for the year	9,391.21	9,244.17	5,019.33
Less: Amount transferred to contingency reserve	(303.64)	(293.39)	(283.47)
Less: Surplus transferred to TS Transco	-	-	(53,053.09)
Less: Amount transferred to corporate social responsibility fund	(504.00)	-	-
Add: Amount transferred from contingency reserve	-	2,321.15	-
<b>Closing balance</b>	<b>113,803.99</b>	<b>105,220.42</b>	<b>93,948.49</b>
<b><i>ii) Other comprehensive income</i></b>			
<b>Other items of OCI</b>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Remeasurement of defined benefit obligations (liability net of tax)	(3,958.68)	(8,728.26)	(8,728.26)
<b>Closing balance</b>	<b>(3,958.68)</b>	<b>(8,728.26)</b>	<b>(8,728.26)</b>
<b><i>iii) Contingency reserve</i></b>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Opening balance	2,032.90	4,060.67	4,060.67
Add: Additions during the year	303.64	293.39	-
Less: Deductions during the year	-	(2,321.15)	-
<b>Closing balance</b>	<b>2,336.54</b>	<b>2,032.91</b>	<b>4,060.67</b>
<p>Note: Contingency reserve is required to be created mandatorily out of appropriation account as per Andhra Pradesh Electricity Regulatory Commission (APERC rules). The amount so transferred will be invested in various securities and bonds from time to time. Interest earned on this investment is accounted in contingency reserve.</p>			



**iv) Corporate social responsibility fund**

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Opening balance	-	-	-
Add: Additions during the year	929.00	-	-
Less: Deductions during the year	-	-	-
<b>Closing balance</b>	<b>929.00</b>	-	-

**v) Lift irrigation scheme reserve**

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Opening balance	116,625.70	107,831.30	149,869.00
Add / ( Less): Changes during the year	(12,178.36)	8,794.40	(42,037.70)
<b>Closing balance</b>	<b>104,447.34</b>	<b>116,625.70</b>	<b>107,831.30</b>

**vi) Other reserves**

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Opening balance	19,429.22	19,429.22	19,429.22
Add: Additions during the year	-	-	-
Less: Deductions during the year	-	-	-
<b>Closing balance</b>	<b>19,429.22</b>	<b>19,429.22</b>	<b>19,429.22</b>

**13 Borrowings**

*Rs. in Lakhs*

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
<b>Non-current borrowings</b>			
Term loans from			
Banks	40,085.24	21,018.31	32,433.18
Financial Institutions	346,885.57	240,127.54	123,515.18
From GoAP	424.09	565.48	722.48
<b>Total non-current borrowings</b>	<b>387,394.90</b>	<b>261,711.33</b>	<b>156,670.84</b>



## A Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

		<i>Rs. in Lakhs</i>		
	<b>Nominal interest rate</b>	<b>Carrying amount at 31 March 2017</b>	<b>Carrying amount at 31 March 2016</b>	<b>Carrying amount at 1 April 2015</b>
REC Limited	8.0%			
	- 12.25%	300,551.99	210,362.01	108,286.65
NABARD	10.75%	12,678.01	9,995.12	8,115.76
Power Finance Corporation Limited	9.00%			
	- 12.50%	46,333.58	29,765.53	15,228.53
Federal Bank	10.75%	247.81	495.63	743.46
Andhra Bank	11.25%	8,781.55	3,344.90	1,944.24
Syndicate Bank	10.25%	1,500.26	1,859.25	2,136.81
Indian Bank	10.85%	10,975.22	8,986.41	6,000.00
Karur Vysya Bank	11.25%	-	2,208.71	2,677.78
Bank of Baroda	10.90%			
	- 11.15%	-	3,508.41	4,354.11
Bank of Maharashtra	11.00%	1,831.66	1,275.24	898.87
Oriental Bank of Commerce	11.25%	4,747.30	4,406.86	3,132.85
Punjab & Sind Bank	10.75%			
	- 11.25%	753.77	1,076.35	1,398.84
Allahabad Bank	11.15%	-	954.31	1,192.89
Bank of Rajasthan	11.15%	90.10	1,325.33	1,730.30
Karnataka Bank Limited	11.15%	-	1,255.27	1,631.86
Corporation Bank	11.25%	-	90.40	117.53
Union Bank of India	11.15%	-	756.12	945.15
UCO Bank	11.20%	-	4,078.51	4,731.14
South Indian Bank	11.50%	-	2,881.94	3,249.86
Tamilnadu Mercantile Bank	11.75%	6,418.80	6,538.65	4,528.92
Dena Bank	11.25%	4,665.48	4,377.03	2,000.76
State Bank of Hyderabad	10.70%	6,838.81		
Government loan	9.50%	595.93	758.95	936.81
<b>Total borrowings</b>		<b>407,010.27</b>	<b>300,300.93</b>	<b>175,983.12</b>
<b>Current</b>		19,615.37	38,589.60	19,312.28
<b>Non current</b>		387,394.90	261,711.33	156,670.84
		<b>407,010.27</b>	<b>300,300.93</b>	<b>175,983.12</b>

### Secured bank loans and assets pledged as security

- 1) The loans availed from REC Ltd and PFC Ltd are secured by way of a default escrow management and hypothecation of future assets created out of the loan to the extent of 110%.
- 2) The loans availed from commercial banks are secured by way of an exclusive first charge by way of hypothecation on specified fixed assets of the project created out of the proceeds of term loan.



- 3) The term loans from banks and financial institutions is payable on monthly/quarterly installments varying from 10-12 years.

**B. Details of Additions and Repayments of Loans**

Particulars	<i>Amount in Rs.</i>			
	Outstanding at the end of 2015-16	Amount received during the year	Repayments due during the year	Outstanding at the end of 2016-17
Loan from REC Ltd	21,036,201,201	10,022,125,000	1,003,127,535	30,055,198,666
Loan from NABARD	999,512,426	352,235,622	83,947,242	1,267,800,806
Loan from PFC Ltd	2,976,552,676	2,142,581,855	485,776,125	4,633,358,406
Loan from Federal Bank	49,563,158		24,782,432	24,780,726
Loan from Canara Bank	-			-
Loan from Andhra Bank	334,490,162	632,039,536	88,374,730	878,154,968
Loan from Syndicate Bank	185,924,799		35,899,154	150,025,645
Loan from Indian Bank	898,640,939	236,970,670	38,089,752	1,097,521,857
Loan from Karur Vysya Bank	220,871,401		220,871,401	-
Loan from Bank of Baroda	350,840,886	95,629,916	446,470,802	-
Loan from Bank of Maharashtra	127,524,448	84,059,947	28,418,593	183,165,802
Loan from Oriental Bank of Commerce	440,686,454	102,725,378	68,681,366	474,730,466
Loan from Punjab & Sind Bank	107,635,213	3,066,036	35,324,210	75,377,039
Loan from Allahabad Bank	95,431,032		95,431,032	-
Loan from Bank of Rajasthan	132,532,741	18,411,392	141,934,303	9,009,830
Loan from Karnataka Bank Ltd	125,526,769		125,526,769	-
Loan from Corporation Bank	9,040,262		9,040,262	-
Loan from Union Bank of India	75,612,090		75,612,090	-
Loan from UCO Bank	407,850,739		407,850,739	-
Loan from South Indian Bank	288,194,045		288,194,045	-
Loan from Tamilnadu Mercantile Bank	653,864,403	73,934,366	85,918,376	641,880,393
Loan from Dena Bank	437,702,865	79,187,904	50,342,332	466,548,437
State Bank of Hyderabad		683,881,015		683,881,015
<b>Total</b>	<b>29,954,198,709</b>	<b>14,526,848,637</b>	<b>3,839,613,290</b>	<b>40,641,434,056</b>





which if paid regularly, (together with existing fund) is expected to meet the benefits out go in respect of existing members of the scheme. Contributions are made to provident fund for employees at the rate of 31.15% of the basic salary plus DA as per the guidelines. The expense recognized during the period towards defined contribution plan is INR 2364.40 lakhs (31 March 2016- INR 4613.94, 1 April 2015 - INR 18606.17 ) The company has set up a trust to manage and administer pension and gratuity programs. Master trust is created to meet the pension and gratuity liabilities of the following category of employees:

1. 100% of pension liability of employees who have retired on or before 31st January, 1999.
2. 74% of pension and gratuity liability in respect of employees who have continued in service beyond 31st January ,1999.

During the FY 2015-16, the Company has reviewed and estimated the liability based on the actuary report as at 31st March, 2015 and charged to profit & loss account @ 31.15% of basic & dearness allowance towards pension & gratuity for the employees on rolls as on 31.01.1999 and @ 6.29% of basic and dearness allowance for the employees recruited on or after 1.2.1999.

**Balance sheet amounts - Pension & Gratuity**

*In lakhs of INR*

The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows :

	<b>Present value of the obligation</b>	<b>Fair value of the plan assets</b>	<b>Net amount</b>
1 April 2016	56,979.93	39968.44	17,011
Current service cost	1,653.38	-	1,653
Interest expense / (income)	4,265.18	-	4,265
<b>Total amount recognized in profit or loss</b>	<b>5,918.56</b>	<b>0.00</b>	<b>5919</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts including in interest expense/(income)	-	3037.60	3,037.60
Gain/(loss) on plan assets	-	494.12	494.12
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	3,185.55	-	3,185.55
Experience (gains)/losses	(5,761.95)	-	(5,761.95)
<b>Total amount recognized in other comprehensive income</b>	<b>(2,576.40)</b>	<b>494.12</b>	<b>3,070.52</b>
Employer contribution	-	8017.05	8,017.05
Benefits paid	(1,598.42)	(1,598.42)	-
<b>31 March 2017</b>	<b>58,723.67</b>	<b>49918.79</b>	<b>8804.88</b>



The net liability disclosed above relates to funded and unfunded plans as follows :			
<i>Rs. in Lakhs</i>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Present value of funded obligations	58723.67	0.00	166959.54
Fair value of plan assets	49918.79	0.00	45969.86
Deficit of funded plan	0.00	0.00	0.00
Unfunded plans	0.00	0.00	0.00
<b>Deficit of gratuity plan</b>	<b>8,804.88</b>	<b>-</b>	<b>120,989.68</b>
<b><i>Significant estimates</i></b>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Discount rate	7.25% per annum	-	8% per annum
Salary growth rate	11% per annum	-	11% per annum
Mortality	IALM (2006-08) Ultimate	-	Indian assured lives mortality (2006-08) ultimate
Withdrawal- age specific	unto 30 years- 1% 31 to 48 years- 0.5% Above 48 years- 2%	- - -	unto 30 years- 1% 31 to 48 years- 0.5% Above 48 years- 2%
Normal retirement age	58 or 60 years	-	58 or 60 years
<b><i>i. Financial assumptions</i></b>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Discount rate	7.25%	-	8%
Salary increase rate	11.00%	-	11.00%
Pension increase rate	7.00%	-	7.00%
Rate of commutation of pension	40.00%	-	40.00%
Restoration of commutation	15 years from retirement	-	15 years from retirement
<b><i>ii. Demographic assumptions</i></b>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Discount rate	7.25%	-	8%
Salary growth rate	11%	-	11%
Mortality rate	IALM (2006-08) Ultimate	-	IALM (2006-08) Ultimate
Withdrawal rate	upto 30 years- 1% 31 to 48 years- 0.5% Above 48 years- 2%	- - -	upto 30 years- 1% 31 to 48 years- 0.5% Above 48 years- 2%
Retirement age	58 & 60 years	-	58 & 60 years



**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Discount rate (1% increase)	50,276.27	-	-
Future salary growth (1% increase)	61,615.12	-	-
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Discount rate (1% decrease)	69,483.54	-	-
Future salary growth (1% decrease)	56,071.74	-	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**(iii) Gratuity**

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Under the act, employees who are in continuous service of five years are entitled to specific benefit. The level of benefits provided depends on the employees length of service and salary at retirement age. The amount of gratuity payable on retirement / termination is based upon Andhra Pradesh Revised Pension Rules, 1980.

The Company has certain defined contribution plans. an annual contribution rate as a percentage of pensionable salaries is estimated (say, 33.15 % in the previous year 2014-15), which if paid regularly, (together with existing fund) is expected to meet the benefits out go in respect of existing members of the scheme. Contributions are made to provident fund for employees at the rate of 6.29% of the basic salary as per the guidelines. The expense recognized during the period towards defined contribution plan is INR 896.08 lakhs (31 March 2016- INR 473.01, 1 April 2015 - INR 558.48 ) The company has set up a trust to manage and administer pension and gratuity programs. Master trust is created to meet the pension and gratuity liabilities of the following category of employees:

1. 100% of pension liability of employees who have retired on or before 31st January, 1999.
2. 74% of pension and gratuity liability in respect of employees who have continued in service beyond 31st January ,1999.



During the FY 2015-16, the Company has reviewed and estimated the liability based on the actuary report as at 31st March, 2015 and charged to profit & loss account @ 31.15% of basic & dearness allowance towards pension & gratuity for the employees on rolls as on 31.01.1999 and @ 6.29% of basic and dearness allowance for the employees recruited on or after 1.2.1999.

**Balance sheet amounts - Gratuity**

The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows :

	<b>Present value of the obligation</b>	<b>Fair value of the plan assets</b>	<b>Net amount</b>
1 April 2016	2309.84	2040.33	270
Current service cost	787.83	-	788
Interest expense / (income)	174.20	-	174
<b>Total amount recognized in profit or loss</b>	<b>962.03</b>	<b>0.00</b>	<b>962.03</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amounts including in interest expense/(income)	-	153.72	153.72
Gain/(loss) on plan assets	-	27.51	27.51
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	148.27	-	148.27
Experience (gains)/losses	(594.48)	-	(594.48)
<b>Total amount recognized in other comprehensive income</b>	<b>(446.21)</b>	<b>181.23</b>	<b>(264.98)</b>
Employer contribution	-	581.51	581.51
Benefits paid	-	-	-
<b>31 March 2017</b>	<b>2825.66</b>	<b>2803.07</b>	<b>22.59</b>

The net liability disclosed above relates to funded and unfunded plans as follows :

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Present value of funded obligations	2825.66	-	4,658.85
Fair value of plan assets	2803.07	-	2,841.02
Deficit of funded plan	-	-	0
Unfunded plans	-	-	0
<b>Deficit of gratuity plan</b>	<b>22.59</b>	<b>-</b>	<b>1,817.83</b>



<b>Significant estimates</b>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Discount rate	7.6% per annum	-	8% per annum
Salary growth rate	11% per annum	-	11% per annum
Mortality- active members	Indian assured lives mortality (2006-08) ultimate	-	Indian assured lives mortality (2006-08) ultimate
Withdrawal - age specific	unto 30 years- 1% 31 to 48 years- 0.5% Above 48 years- 1%	- - -	unto 30 years- 1% 31 to 48 years- 0.5% Above 48 years- 2%
Normal retirement age	58 or 60 years	-	58 or 60 years
<b>i. Financial assumptions</b>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Discount rate	7.60%	-	-
Salary increase rate	11.00%	-	-
Pension increase rate	7.00%	-	-
Rate of commutation of pension	40.00%	-	-
Restoration of commutation	15 years from retirement	-	-
<b>ii. Demographic assumptions</b>			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Mortality rate	IALM (2006-08) Ultimate	-	-
Withdrawal rate	upto 30 years- 1% 31 to 48 years- 0.5% Above 48 years- 2%	- - -	- - -
Retirement age	58 & 60 years	-	-
<b>i. Sensitivity analysis</b>			
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.			
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Discount rate (1% increase)	2,257.87	-	-
Future salary growth (1% increase)	2,854.44	-	-
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Discount rate (1% decrease)	3,079.02	-	-
Future salary growth (1% decrease)	2,791.22	-	-



The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**15. Grants***Rs. in Lakhs*

	<b>Non-current</b>		
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
Grants towards cost of capital assets	15,942.08	1,224.26	1,318.43
Consumers contribution	54,290.84	36,308.97	23,976.73
Deferred grant on Industrial development area, Parawada loan	143.44	191.25	239.06
	<b>70,376.36</b>	<b>37,724.48</b>	<b>25,534.22</b>

**16. Other financial liabilities***Rs. in Lakhs*

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
	Current maturities of long-term debt-Government of Andhra Pradesh	171.84	193.47
Current maturities of long-term debt-banks	19,443.53	38,396.13	19,097.94
Transmission and SLDC clearing	910.49	537.80	492.38
Liability for expenses	4,542.06	4,565.62	4,484.03
Security deposits of operational charges - SLDC	761.64	1,128.89	1,415.07
Accrued interest liability on borrowings	1,111.64	684.24	508.21
Deposits and retentions from suppliers & contractors	70,917.16	60,674.27	52,319.88
Liability for capital supplies/works	20,771.04	21,566.13	23,022.55
Liability for operations and maintenance supplies/works	2,405.51	3,561.50	3,668.36
Liability for Stale Cheques	70.27	56.75	101.89
	<b>121,105.18</b>	<b>131,364.80</b>	<b>105,324.64</b>

**17. Deferred tax liabilities (net)***Rs. in Lakhs*

	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
	Deferred tax liabilities (net)		
Deferred tax liabilities (net of MAT)	6,417.48	8,828.73	6,836.75
Indexation on land	(404.03)	(173.87)	(128.24)
Depreciation on Fixed assets	5,192.17	-	-



Loans and advances to employees at concessional rates	(24.94)	(9.78)	-
Decline in value of investments	(159.81)	(140.97)	(82.26)
Interest expense on unwinding of industrial development area, parawada loan (net of interest income)	(31.88)	(37.90)	(41.82)
Grants amortized	2,366.77	1,837.16	1,371.64
Deferred tax -OCI	2,524.25	-	-
Remeasurement of defined benefit obligations	(4,656.93)	(4,494.37)	(4,494.37)
	<b>11,223.08</b>	<b>5,809.00</b>	<b>3,461.70</b>
<b>18. Other liabilities</b>			<i>Rs. in Lakhs</i>
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
<b>A. Non-current</b>			
General insurance scheme - savings fund	183.58	169.72	153.40
General insurance scheme - insurance fund	71.25	64.25	61.55
TS Transco pool a/c (post bifurcation transactions)	14,861.27	15,377.51	8,591.24
	<b>15,116.10</b>	<b>15,611.48</b>	<b>8,806.19</b>
	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>1 April 2015</b>
<b>B. Current</b>			
Staff related provisions	4,552.42	3,844.61	3,359.74
Other liabilities and provisions	38,967.05	32,008.46	3,171.07
Other claims and receivables	-	-	3,235.00
	<b>43,519.47</b>	<b>35,853.07</b>	<b>9,765.81</b>
<b>19. Revenue from operations</b>			<i>Rs. in Lakhs</i>
		<b>31 March 2017</b>	<b>31 March 2016</b>
<b>Sale of services</b>			
Transmission charges		93,485.65	80,048.60
State load dispatch centre (SLDC) charges		4,710.07	4,211.70
<b>Other operating income</b>			
Delayed payment charges from consumers		209.90	388.01
Fines & penalties recovered		3,506.20	3,611.42
SLDC registration fees		0.65	0.56
Cash rebate earned on payment of supplier bills, etc.		239.54	94.45
		<b>102,152.01</b>	<b>88,354.74</b>



<b>20. Other income</b>	<i>Rs. in Lakhs</i>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
Interest on staff loans and advances	44.30	32.10
Income from investments	264.75	764.33
Interest on investments under contingency reserve	464.34	448.66
Income from sale of scrap, etc.,	26.63	74.06
Operations and maintenance/annual maintenance charges collected	249.59	242.79
Contributions towards depreciation of lift irrigation scheme assets	1,940.28	1,938.35
Interest on Advances to suppliers	755.97	-
Miscellaneous receipts	2,143.98	4,904.30
Supervision charges	9,145.74	
Interest income on Industrial development area, Parawada loan	120.32	104.60
Reimbursement of expenditure incurred for cyclone	86.33	
Amortisation of Capital Grants	1,530.30	1,345.14
	<b>16,772.53</b>	<b>9,854.33</b>
<b>21. Employee benefits expense</b>	<i>Rs. in Lakhs</i>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
Salaries, wages and bonus	20,554.36	18,158.25
Contribution to provident fund and related expenses	9,176.93	8,241.39
Staff welfare expense	502.17	530.74
	<b>30,233.46</b>	<b>26,930.38</b>
<b>22. Finance costs</b>	<i>Rs. in Lakhs</i>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
Interest expense on financial liabilities measured at amortized cost	20,520.54	12,809.05
Interest expense on interest free loan	30.44	36.48
	<b>20,550.98</b>	<b>12,845.53</b>
<b>23. Depreciation expense</b>	<i>Rs. in Lakhs</i>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
Depreciation of property, plant and equipment	33,594.52	27,405.44
	<b>33,594.52</b>	<b>27,405.44</b>



<b>24. Other expenses</b>	<i>Rs. in Lakhs</i>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
Repairs and maintenance	12,206.98	11,127.96
Civil works	194.95	195.69
Lines, cable net work etc.	641.20	405.66
Vehicles	82.42	68.54
Office equipment	135.08	53.38
Rent	47.22	29.94
Rates and taxes	365.24	154.36
APERC license fees	175.73	165.53
Insurance	12.42	17.04
Telephone & trunk calls	122.53	114.79
Postage	14.73	12.54
Professional Charges	15.40	
Legal charges	68.29	21.69
Audit fees	9.91	7.47
Audit expenses	0.90	0.90
Consultancy charges	405.69	204.10
Other professional charges	11.19	0.34
Commission	1.50	1.04
Remuneration to internal auditors	32.33	25.52
Conveyance expenses	1.23	1.48
Travelling expenses	416.27	276.57
Vehicle running expenses	108.06	85.96
Vehicle hire charges	1,015.77	843.13
Training and participation	24.76	14.68
Fees & subscription	12.46	12.57
Books & periodicals	5.24	3.23
Printing & stationery	28.64	38.66
Advertisement	195.38	135.74
Contributions	63.87	44.83
Electricity charges	58.59	30.43
Water charges	9.69	6.81
Entertainment	24.69	13.80
Miscellaneous expenses	504.86	628.58
Outsourced staff wages	1,519.17	1,291.16
Contract Wages- Company Secretary	0.83	-
Vehicle running expenses (heavy vehicles)	26.61	25.10
Loss of materials by pilferage	10.52	
Stock shortages	-	0.04
Loss on obsolescence of stores etc. in stock	272.45	46.98
Losses on account of flood, fire and cyclones	-	290.52
Incidental stores expenses	20.44	11.09
Fair value of investments	54.44	169.64
	<b>18,917.68</b>	<b>16,577.49</b>



<b>(i) Payments to auditors</b>	<i>Rs. in Lakhs</i>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
As auditor		
Statutory Audit	4.77	4.77
Cost Audit	1.98	1.98
Tax Audit	1.12	1.12
In other capacity		
Taxation matters	-	-
Company law matters	-	-
Reimbursement of expenses	0.90	0.90
	<b>8.77</b>	<b>8.77</b>
<b>25. Income tax Expense</b>	<i>Rs. in Lakhs</i>	
<p>This note provides an analysis of the Company's income tax expense, show amounts that are recognized directly in the OCI and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.</p>		
	<i>Rs. in Lakhs</i>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
<b>(a) Income tax expense</b>		
<i>Current tax</i>	(3,346.87)	2,858.79
MAT on profits for the previous year	(76.15)	
Mat credit entitlement	2,487.40	
<i>Deferred tax</i>		
Deferred tax as per previous GAAP	-	(7,709.56)
Deferred tax on depreciation	(5,192.17)	
Increase in deferred tax assets (net of Mat credit entitlement)	(108.90)	(355.33)
<b>Total</b>	<b>(6,236.69)</b>	<b>(5,206.10)</b>
Income tax expense attributable to :		
Profit from continuing operations	(6,236.69)	(5,206.10)
<b>(b) Reconciliation of tax expense and the accounting profit multiplied India's tax rate</b>	<i>Rs. in Lakhs</i>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
<b>Profit before tax</b>	15,627.92	14,450.23
Gratuity (employees recruited on or after 1-2-1999)-OC	871.49	-
Pension & Gratuity (employees recruited before 1-2-1999)-OCI	6,422.34	-
Tax at Indian tax rate of 34% (2015-16 - 34%)	(3,423.02)	(4,850.77)
MAT credit entitlement	2,487.39	
Tax effect of amounts which are not deductible (taxable)		



in calculating taxable income		
Deferred tax on indexation of land	230.15	45.63
Deferred tax on depreciation	(5,192.17)	
Loans and advances to employees at concessional rates	15.16	9.78
Decline in carrying value of investments	18.84	58.71
Grants amortised	(529.61)	(465.53)
Amortisation of grant on interest free loan	(6.01)	(3.92)
Employee benefit expense recognised through profit and loss account	162.56	-
Employee benefit expense recognised through other comprehensive income	(2,524.25)	-
Deferred Tax	<b>(7,825.33)</b>	<b>(355.33)</b>
<b>Total comprehensive income for the year</b>	<b>14,160.79</b>	<b>9,244.13</b>

## 26. Financial instruments

### A. Financial instruments by category

	31 March 2017		31 March 2016		1 April 2015	
	FVTPL	Amortized Cost	FVTPL	Amortized Cost	FVTPL	Amortized Cost
<b>Financial assets</b>						
Investments	377.90	6,365.50	432.34	29,410.43	601.98	29,410.43
Trade receivables	-	15,976.06	-	23,805.28	-	25,256.86
Loans and advances to staff	-	53,383.18	-	74,987.35	-	75,522.89
Cash and cash equivalents	-	10,751.57	-	4,485.19	-	6,179.15
Other financial assets	-	2,020.29	-	2,651.49	-	2,504.58
<b>Total financial assets</b>	<b>377.90</b>	<b>88,496.60</b>	<b>432.34</b>	<b>135,339.74</b>	<b>601.98</b>	<b>138,873.91</b>
<b>Financial liabilities</b>						
Borrowings	-	387,394.90	-	261,711.33	-	156,670.84
Other financial liabilities	-	121,105.18	-	131,364.80	-	105,324.64
<b>Total financial liabilities</b>	<b>-</b>	<b>508,500.08</b>	<b>-</b>	<b>393,076.13</b>	<b>-</b>	<b>261,995.48</b>

Note : For the purpose of above abbreviations, FVOCI - fair value through other comprehensive income; amortised cost - fair value through amortized cost

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements.



<b>Financial assets and liabilities which are measured at fair value-recurring fair value measurements At 31 March 2017</b>					
	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets					
Investments		377.90	-	-	377.90
Trade receivables		-	-	-	-
Cash and cash equivalents		-	-	-	-
Loans and advances to staff		-	-	-	-
Other financial assets		-	-	-	-
<b>Total financial assets</b>		<b>377.90</b>	<b>-</b>	<b>-</b>	<b>377.90</b>
<b>Financial liabilities</b>					
Borrowings		-	-	-	-
Other financial liabilities		-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>Financial assets and liabilities which are measured at fair value-recurring fair value measurements At 31 March 2016</b>					
	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets					
Investments		432.34	-	-	432.34
Trade receivables		-	-	-	-
Cash and cash equivalents		-	-	-	-
Loans and advances to staff		-	-	-	-
Other financial assets		-	-	-	-
<b>Total financial asset</b>		<b>432.34</b>	<b>-</b>	<b>-</b>	<b>432.34</b>
Financial liabilities					
Borrowings		-	-	-	-
Other financial liabilities		-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial assets and liabilities which are measured at fair value-recurring fair value measurements At 1 April 2015</b>					
	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets					
Investments		601.98	-	-	601.98
Trade receivables		-	-	-	-
Cash and cash equivalents		-	-	-	-
Loans and advances to staff		-	-	-	-
Other financial assets		-	-	-	-
<b>Total financial asset</b>		<b>601.98</b>	<b>-</b>	<b>-</b>	<b>601.98</b>



Financial liabilities					
Borrowings	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-	-
<b>Financial assets and liabilities which are measured at amortized cost for which fair values are disclosed At 31 March 2017</b>					
	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets					
Investments	-	-	6,365.50		6,365.50
Trade receivables	-	-	15,976.06		15,976.06
Cash and cash equivalents	-	-	10,751.57		10,751.57
Loans and advances to staff	-	-	53,383.18		53,383.18
Other financial assets	-	-	2,020.29		2,020.29
<b>Total financial asset</b>	-	-	<b>88,496.60</b>		<b>88,496.60</b>
Financial liabilities					
Borrowings	-	-	387,394.90		387,394.90
Other financial liabilities	-	-	121,105.18		121,105.18
<b>Total financial liabilities</b>	-	-	<b>508,500.08</b>		<b>508,500.08</b>
<b>Financial assets and liabilities which are measured at amortized cost for which fair values are disclosed At 31 March 2016</b>					
	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets					
Investments	-	-	29,410.43		29,410.43
Trade receivables	-	-	23,805.28		23,805.28
Cash and cash equivalents	-	-	4,485.19		4,485.19
Loans and advances to staff	-	-	74,987.35		74,987.35
Other financial assets	-	-	2,651.49		2,651.49
<b>Total financial asset</b>	-	-	<b>135,339.74</b>		<b>135,339.74</b>
Financial liabilities					
Borrowings	-	-	261,711.33		261,711.33
Other financial liabilities	-	-	131,364.80		131,364.80
<b>Total financial liabilities</b>	-	-	<b>393,076.13</b>		<b>393,076.13</b>
<b>Financial assets and liabilities which are measured at amortized cost for which fair values are disclosed At 1 April 2015</b>					
	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets					
Investments	-	-	29,410.43		29,410.43
Trade receivables	-	-	25,256.86		25,256.86
Cash and cash equivalents	-	-	6,179.15		6,179.15
Loans and advances to staff	-	-	75,522.89		75,522.89
Other financial assets	-	-	2,504.58		2,504.58
<b>Total financial asset</b>	-	-	<b>138,873.91</b>		<b>138,873.91</b>



Financial liabilities				
Borrowings	-	-	156,670.84	156,670.84
Other financial liabilities	-	-	105,324.64	105,324.64
<b>Total financial liabilities</b>	-	-	<b>261,995.48</b>	<b>261,995.48</b>

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

#### (ii) Valuation technique used to determine fair value

The Company has not adopted any fair value technique to measure its financial assets and financial liabilities. All of the resulting fair value estimates are included in level 3 , (except in case of equity instruments which are quoted on stock exchange and are traded actively) where the fair values have been determined based upon the present values and the discount rate used were adjusted for counterparty or own credit risk.

## 27. Financial risk management

### Risk management framework

The Company's board of directors have overall responsibility for the Company's risk management framework. The Board of directors are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.



The Company has exposure to the following risks arising from financial instruments:

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit risk	Cash and cash equivalents, trade receivables	Ageing analysis, credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings ,Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital.

Further quantitative disclosures are included throughout these financial statements.

**A. Credit risk**

**i. Credit risk management**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers.

**ii. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**Maturity Pattern:**

The Maturity pattern of non-derivative financial liabilities with agreed repayment periods, could not be given due to the voluminous number of term loans given against each scheme/ project works by financial institutions and banks.

**iii. Market risk**

**a. Foreign currency risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is not exposed to currency risk on purchases, sales and cash balances that are denominated in a currency other than the functional currencies of the Company.



### b. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

### 28 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to equity shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	31 March 2017	31 March 2016	1 April 2015
Total liabilities	669,404.59	519,266.25	361,408.96
Less : cash and cash equivalents	10,751.57	4,485.19	6,179.15
<b>Adjusted net debt</b>	<b>658,653.02</b>	<b>514,781.06</b>	<b>355,229.81</b>
<b>Total equity</b>	<b>282,431.38</b>	<b>280,023.95</b>	<b>261,985.39</b>
Adjusted net debt to adjusted equity ratio	2.33	1.84	1.36

### 29 Related party transactions

#### (a) Parent entity

The Company is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest		
			31 March 2017	31 March 2016	1 April 2015
State Government of Andhra Pradesh	Holding company	India	100%	100%	100%

#### (b) Key management personnel compensation

Key management personnel compensation comprised:

	31 March 2017	31 March 2016
Remuneration	48.11	14.13
Short-term employee benefits	69.28	25.52
<b>Total compensation</b>	<b>117.39</b>	<b>39.65</b>



Compensation of the Company's' key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

**30 Contingent liabilities (to the extent not provided for)**

	31 March 2017	31 March 2016	1 April 2015
(a) Cases for disputed liabilities of Sales Tax/VAT/CST/Entry Tax are pending before the honorable High Court of Andhra Pradesh and honorable Supreme Court of India.	13,886	13,886	13,886
(b) Amount deposited as per honorable Courts and Sales tax appellate tribunal	1,454	1,454	1,518
(c) Amount paid for grant of stay petition	-	3,755	-
(d) Amount deposited against the awarded amount for legal case pending against the Company in Andhra Pradesh Micro Small & Medium Enterprises Facilitating Council (APMSEFC) and Andhra Pradesh High Court	7	94	47
(e) Demand raised by municipal authorities towards disputed municipal taxes	437	437	584
(f) TSTRANSCO has raised bills towards share of common expenditure which is not accepted by company pending review and finalisation	1,063	408	-
(g) The loans apportioned to TSTRANSCO under Demerger plan of Rs.1725.96 crs in the name of APTRANSCO as per the note no.43			
	<b>16,847</b>	<b>20,034</b>	<b>16,035</b>

**31 Earnings per share (EPS)**

**A. Computation of basic and diluted EPS**

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares. The Company doesn't have any potentially dilutive shares for year ended 31 March 2016 and 31 March 2015.

**B. Earnings per share**

	<b>31 March 2017</b>	<b>31 March 2016</b>
Basic earnings per share	0.00	0.00
Diluted earnings per share	0.00	0.00

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and dilutive earnings per share calculation are as follows:

**ii. Profit attributable to equity shareholders**

	<b>31 March 2017</b>	<b>31 March 2016</b>
Profit for the year, attributable to the equity share holders	9,391.21	9,244.13

**iii. Weighted average number of equity shares**

	<b>31 March 2017</b>	<b>31 March 2016</b>
Opening balance	<b>454,439,695</b>	<b>454,439,695</b>
Effect of shares issued for cash (if any)		
<b>Weighted average number of shares for the year</b>	<b>454,439,695</b>	<b>454,439,695</b>

**32. Apportionment/allocation of Assets and Liabilities to AP and TS TRANSCO as on 02.06.2014**

- (i) As per the AP Reorganization Act, 2014 the state of Andhra Pradesh has been bifurcated into Andhra Pradesh and the state of Telangana from 02.06.2014. The APTRANSCO has bifurcated into APTRANSCO & TSTRANSCO with effect from 02.06.2014. As per section 53 of AP Reorganization Act, 2014 the assets and liabilities were apportioned between the two entities provisionally as per draft demerger plan, accordingly entries were incorporated in the books on the methodology as per draft demerger plan submitted to Expert Committee of Demerger of Government Corporations which is pending for final approval.
- (ii) Section 65 of AP Re-organization Act, 2014 also empowers the successor states of AP and Telangana to mutually agree upon the apportionment of Assets and Liabilities between themselves in a manner other than that provided in the Act, however, no such final agreement has been arrived at in so far and as may be applicable to the affairs of APTRANSCO and TSTRANSCO.
- (iii) The Summary of assets and liabilities transferred to the Resulting Company (TSTRANSCO) as on 02.06.2014 as given below:



Rs. in Lakhs				
Sch. No.	Schedule Note	Total (Rs. In lakhs)	APTRANSCO (Demerged Co.,)	TSTRANSCO (Resulting Co.)
1	2	3	4	5
19	<b>FIXED ASSETS :</b>			
	Gross Block of Assets	1004429.71	522571.70	481858.02
	Less: Accumulated Depreciation	457273.22	238658.59	218614.62
	Net Fixed Assets	547156.50	283913.10	263243.40
21	Capital work-in progress	248979.80	84384.23	164595.58
23	Deferred Cost	29943.48	14243.70	15699.78
24	Intangible Asset	260.03	0.00	260.03
25	Investments	70261.93	30431.91	39830.02
26	Total Current Assets	262497.88	112243.74	150254.14
28	Less: Current Liabilities	338727.72	170730.94	167996.77
	Net Current Assets (Sch.26 - Sch.28)	(76229.84)	(58487.20)	(17742.63)
	<b>Total Assets</b>	<b>820371.90</b>	<b>354485.74</b>	<b>465886.18</b>
	<b>Financed by :</b>			
30	Borrowings for working capital	0.00	0.00	0.00
31	Payments due on Capital Liabilities	0.00	0.00	0.00
32	Capital Liabilities	294789.41	122193.23	172596.18
	Deferred Tax Liability (Net)	12655.01	7380.40	5274.61
28a	Liability for Pension & Gratuity, Gratuity and Leave Encashment Trusts	96353.86	45960.19	50393.67
33	Funds from State Government	70840.94	1249.31	69591.63
	Equity	77921.76	45443.97	32477.79
34	Contributions, Grants and Subsidies towards cost of Capital Assets	140735.42	73616.05	67119.37
35	Reserve and Reserve Funds	41662.39	25711.41	15950.99
	Surplus	85413.12	32931.18	52481.94
	<b>TOTAL FUNDS (A+B)</b>	<b>820371.90</b>	<b>354485.74</b>	<b>465886.18</b>
(iv)	Subsequent events after the Draft Demerger plan submitted to "Expert Committee" is that, it is noticed some of fixed assets are located in one region and accounted in another			



region, the net gross value of such fixed assets amounting to Rs. 64.80 crores and accumulated depreciation thereon are not yet effected in apportionment for demerger plan.

- (v) Further, upon apportionment of the assets and liabilities w.e.f ., 02-06-2014 such assets and liabilities are to be transferred in physical form on mutual agreement or by making payment or adjustment through any other mode as may be agreed to by the successor states, which is yet pending at the close of the year.
- (vi) Any differences/deviations in the draft demerger plan will be effected on finalization of Demerger Plan and the same will considered in to subsequent years.
- (vii) The charge on the loans on assets apportioned to TSTRANSCO on demerger continues to be in the name of the company pending finalization of the demerger scheme.
- (viii) Registration of transfer of title in the immovable properties apportioned to TSTRANSCO is pending on the date of Balance Sheet.

33. Income from transmission charges in respect of third party generators wheeling capacity were not billed and accounted for as detailed below, since the matter is sub -judice.

Year	Capacity (MW)	Transmission Charges (Rs./kW/per month)	Amount (Rs. Crs)
2005-06	462	55.98	31.03
2006-07	462	42.60	23.61
2007-08	475	44.62	25.43
2008-09	457	38.91	21.34
2009-10	440	47.79	25.23
2010-11	419	50.86	25.47
2011-12	389	63.47	29.67
2012-13	389	65.50	30.62
2013-14	384	61.03	28.09
2014-15 (2 months)	384	65.30	4.84
2014-15 (from 02.06.2014 to 31.03.2015)	372	65.30	24.22
2015-16	360.09	76.66	33.40
2016-17	372.97	91.36	40.78
<b>TOTAL</b>			<b>343.73</b>

34. The Company has undertaken Deposit Contribution Works relating to extension of Electricity lines and substations connectivity to the GoAP's Lift Irrigation works/schemes. The details of LIS deposits received from GoAP and the utilization thereof are as follows:



Sl. No	Particulars	Rs. in Crores	
		This year 2016-17	Previous year 2015-16
1.	Deposits received from GoAP to end of	1083.74	1083.74
2.	Interest payable to GoAP on LIS deposits to end of	586.90	502.91
3.	Total (1+2)	1670.64	1586.65
4.	Value of Lift Irrigation Assets put to use transferred to “Consumer Contribution towards cost of Capital Assets” to end of	421.96	270.73
5.	Development Charges transferred to “Consumers Contribution towards cost of Capital Assets” to end of	49.58	38.11
6.	Supervision Charges transferred to P&L A/c to end of	100.58	71.93
7.	Amount paid to Discoms to end of	54.04	54.04
8.	Total expenditure (4 to 7)	626.16	434.81
9.	Balance Deposits at the end of the year (3-8)	1044.48	1151.84
10.	Less: Capital Works in progress to end of	77.80	154.00
11.	Balance Deposits at the end of the year (9-10)	966.68	997.84
35.	Consequent to bifurcation of APTRANSCO w.e.f. 02.06.2014, the Transmission & SLDC charges are determined based on the actual power scheduling to TS Discoms from AP Region to TS Region or vice versa (i.e., net of power scheduling) and accordingly the company raised a demand on TS Discoms (TSSPDCL & TSNPDCL) to the extent of Rs.177.95 crs for 2014-15 and Rs.236.18 crs for 2015-16 and for Rs.328.86 for 2016-17 (including the differential capacity billing) , the same has not been accounted and considered in books as Revenue due to non-finalization of LTTA (Long Term Transmission Agreement) with TS Discoms.		
36.	An amount of Rs.19.40 crs (previous year Rs.19.38 crs) has been credited to Other Income under schedule 5 towards capital contribution in proportion to the depreciation in respect of GoAP’s Lift Irrigation assets.		
37.	The TS Transco has raised bills towards share of common expenditure, for the year amounting to Rs.10.63 crs (previous year 4.08 crs), which is not accepted by company, pending review and finalization.		
38.	Since, there is no reasonable certainty in the ultimate collection of revenue, the recognition of revenue in respect of the Maintenance charges from consumers, Supervision charges from clients/consumers (other than LIS works), O&M maintenance charges from NCE Developers and Surcharge on delayed payment of Transmission & SLDC charges is postponed and they are accounted only as and when received.		
39.	Provision towards the value of scrap/unserviceable/obsolete materials has been retained/ regulated/reviewed in the accounts and necessary provision is made.		
40.	a. As directed by APERC through tariff orders from time to time, company has appropriated from appropriation account to Contingency Reserve as per para IV (1) of the Sixth Schedule		



- of Electricity Supply Act 1948. The funds relating to Contingency Reserve are invested in various Securities/Bonds, etc. from time to time. The funds are not at the disposal of the Company and as such the interest earned has been credited (net of tax) to Contingency Reserve Account under Schedule 35. The utilization of contingency reserve shall be made only with the prior approval of the Hon'ble Commission.
- b. The value of contingency Reserve Investments are bifurcated between APTRANSCO and TSTRANSCO as on 01-06-2014 but the whole contingency reserve investments are in the name of APTRANSCO due to non-finalization of the demerger plan. The contingency reserve is apportioned between APTRANSCO and TSTRANSCO. The interest share of APTRANSCO Contingency Reserve earnings only has been accounted and is transferred to Contingency Reserve (net of tax). After finalization of the demerger plan the proportionate securities pertaining to the share of TSTRANSCO will be transferred.
41. The GoAP had taken decision to waive Agriculture dues outstanding as on 31-3-2004 and to compensate the DISCOMs for free power supplied to Agriculture consumers. Accordingly, orders were issued vide G.O.Ms.No.30 dt.09-03-2006 permitting the Company to mobilize resources to the extent of Rs.975 crs during FY 2005-06 (Rs.200 crs), FY 2006-07 (Rs.300 crs), FY 2007-08 (Rs.125 crs) and FY 2008-09 (Rs.350 crs). The repayment of principal and interest is guaranteed by GoAP with Budgetary support. The Company had mobilized the funds by issuing APTRANSCO Vidyut Bonds in FY 2005-06 to FY 2007-08 amounting to Rs.975 crs on behalf of GoAP and the proceeds were paid to DISCOMs. The GoAP is releasing the required funds to service these Bonds to the Company and the Company is discharging the liability. As these Bonds were floated by the Company on behalf of GoAP, the value of these Bonds and the interest thereon year on year were not shown in the financial statements of the Company. The existing liability as on 31-03-2017 of Vidyut Bonds to AP and TS is of Rs.350 Crs Rs.417.80 Crs respectively.
42. The Company had borrowed/drawn funds from REC on behalf of DISCOMs by executing loan documents up to FY 2004-05. The loans drawn on behalf of DISCOMs were allocated/transferred to DISCOMs through 3rd Transfer Scheme vide G.O,Ms.No.58 dt.07-06-2005 and intimated the fact of transfer of these loans to DISCOMs to REC. Debt servicing of these loans are being met by the DISCOMs year on year regularly. However, since the loan documents were executed by the Company, the REC is still showing these loans outstanding in the name of the Company and issuing demand notices and confirmation of balances in the name of the Company. The loan outstanding on this account is Rs.1.12 crs (Pr. Year Rs.52.27 crs) as at 31st March 2017 which are not shown in the financial statements of the Company.
43. All the Loans existing on 01.06.2014 from the REC, PFC and Banks are continuing to be in the name of the Company. The loans outstanding as on 1.6.2014 were apportioned to TSTRANSCO of Rs.1725.96 Cr as per the draft de-merger plan. The debt service of loans apportioned to TSTRANSCO is being met by them regularly. However, since the loan documents were executed by the Company further loan draws/repayment of loan by TSTRANSCO are accounted for by the lenders in the existing loan accounts, similarly the necessary demand notices and confirmation of balances are in the name of the Company. Accordingly, the loan outstanding of TSTRANSCO on this account as at 31st March 2017, are not shown in the financial statements of the Company.



44. Expenses capitalized in the units include Head Quarter charges (@1.5% (Pr. Yr 1.5%) on the CWIP of the year).
45. Land at 220 KV Farm Sub-station to the extent of 1078.96 Sq.Mts. was transferred to GVMC /Vishakhapatnam against which 1096.45 Sq.Mts. was occupied by GVMC. The land transferred by company is on exchange basis with the available GVMC land at Lankelapalam or at Mudasarlova. The transfer of identified land on exchange basis is not completed. Therefore the cost of land taken over by GVMC is not removed from the books.
46. The transmission charges for each of the MYT (5 years) are determined in terms of APERC Regulation 5 of 2005, based on the ARR (Aggregate revenue Requirement) proposals submitted by the company. Owing to variations in revenue recovery over approved period, the excess / shortfall in transmission charges will be adjusted in subsequent Control Period with financing cost at average rate of borrowing during the year to which the variations relate and accounted in the year of such determination. Thus the transmission charges earned are subject to review by the Hon'ble Commission in the subsequent MYT period. Accordingly, the revenue in respect of transmission charges to AP Discoms during the current financial has been adjusted with the available surplus (True down) of the company to the extent of Rs.356.97 crs in terms of the said APERC Regulation.
47. Specified Bank Notes: During the year the company did not hold specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification G.S.R.308(E), dated March 31, 2017. The Details required to be given as per the Notification is as follows.

Particulars	SBNs	Other notes	Total
Closing cash in hand as on 8-11-2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount Deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30-12-2016	Nil	Nil	Nil

48. Previous year's figures are grouped / re-grouped wherever and if necessary to confirm with the current year classification.

For and on behalf of the Board of Transmission Corporation of Andhra Pradesh Limited  
**For C.Venkata Krishna & Co.,**  
Chartered Accountants  
FRN:004599S

Sd/-  
**U.Gopalakrishna Murthy**  
Partner  
Membership No.:025824

Sd/-  
**K.Vijayanand**  
Chairman & Managing  
Director

Sd/-  
**Dinesh Paruchuri**  
Joint Managing Director  
(Fin.Comm.,IPC, HRD & IT &  
Chief Financial Officer (CFO)

Sd/-  
**V.B.S.Kumara Gupta**  
Financial Adviser & Chief  
Controller of Accounts  
(Accounts)

Sd/-  
**M.Karunakar Reddy**  
Company Secretary

Place : Vijayawada  
Date : 26.09.2017



## First time adoption of Ind AS

### Explanation of transition to Ind AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (transition date). In preparing its opening Ind AS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's balance sheet, profit and loss and cash flows is set out in the following tables and the notes that accompany the tables.

#### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

- 1) 114 (1April 2015:114) 8.95% vidyut bonds I/2006 of APTRANSCO issued by GoAP
- 2) 5 (1April 2015:5) 8.69% vidyut bonds II/2006 of APTRANSCO Issued by GoAP
- 3) 8 (1April 2015:8) 8.55% vidyut bonds I/2008 of APTRANSCO issued by GoAP

use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

use carrying values of property, plant and equipment as on the date of transition to Ind AS (which are measured in accordance with previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to carry the previous GAAP carrying values as deemed cost for all of the items of property, plant and equipment and capital work-in-progress.

#### A.2 Ind AS mandatory exceptions

##### Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions



that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

- a) Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- b) Determination of the discounted value for financial instruments carried at amortised cost.

#### **Derecognition of financial assets and liabilities**

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

#### **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

#### **Deemed cost**

Ind AS 101 permits a first-time adopter to continue with the carrying value for all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

#### **B. Reconciliation between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cashflows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS



**B.1 Reconciliation of equity as at 1 April 2015 (transition date)**

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		305,098	-	305,098
Capital work-in-progress		129,392	-	129,392
Financial assets		-	-	-
Investments	4	30,254	(241)	30,013
Loans	9	75,741	(218)	75,523
Other non-current assets		1,185	218	1,403
Non-current tax assets (net)		2,978	160	3,138
<b>Total non-current assets</b>		<b>544,648</b>	<b>(81)</b>	<b>544,567</b>
<b>Current assets</b>				
Inventories		42,427	-	42,427
Financial assets		-	-	-
Investments		-	-	-
Trade receivables		25,257	-	25,257
Cash and cash equivalents		6,179	-	6,179
Loans		-	-	-
Other financial assets		2,505	-	2,505
Other current assets		2,424	36	2,460
<b>Total current assets</b>		<b>78,792</b>	<b>36</b>	<b>78,828</b>
<b>Total assets</b>		<b>623,440</b>	<b>(45)</b>	<b>623,395</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		45,444	-	45,444
<b>Other equity</b>		-	-	-
Retained earnings	11	33,255	60,693	93,948
Other comprehensive income		-	(8,728)	(8,728)
Contingency reserve		4,061	-	4,061
Other reserves		127,261	-	127,261
<b>Total equity</b>		<b>210,021</b>	<b>51,965</b>	<b>261,986</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings		156,787	(116)	156,671
Other financial liabilities		-	-	-
Provisions	8	31,716	-	31,716
Grants	2,3	74,054	(48,519)	25,535
Deferred tax liabilities (net)	10	6,837	(3,375)	3,462
Inventories are carried at lower of cost or net realizable value by				



providing provision for Obsolate & unservisable stock		8,806	-	8,806
<b>Total non-current liabilities</b>		<b>278,200</b>	<b>(52,010)</b>	<b>226,190</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings		-	-	-
Other financial liabilities		105,325	-	105,325
Provisions	8	20,129	-	20,129
Other current liabilities		9,766	-	9,766
<b>Total current liabilities</b>		<b>135,220</b>	<b>-</b>	<b>135,220</b>
<b>Total liabilities</b>		<b>413,420</b>	<b>(52,010)</b>	<b>361,410</b>
<b>Total equity and liabilities</b>		<b>623,440</b>	<b>(45)</b>	<b>623,395</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

#### B.2 Reconciliation of equity as at 31 March 2016

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		390,092	-	390,092
Capital work-in-progress		231,837	-	231,837
Financial assets		-	-	-
Investments	4	30,254	(412)	29,842
Loans	9	75,149	(161)	74,988
Other non-current assets		3,311	191	3,502
Non-current tax assets (net)		6,216	-	6,216
<b>Total non-current assets</b>		<b>736,859</b>	<b>(382)</b>	<b>736,477</b>
<b>Current assets</b>				
Inventories		27,048	-	27,048
Financial assets		-	-	-
Investments		-	-	-
Trade receivables		23,805	-	23,805
Cash and cash equivalents		4,485	-	4,485
Loans		-	-	-
Other financial assets		2,651	-	2,651
Other current assets		4,791	33	4,824
<b>Total current assets</b>		<b>62,780</b>	<b>33</b>	<b>62,813</b>
<b>Total assets</b>		<b>799,639</b>	<b>(349)</b>	<b>799,290</b>



<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		45,444	-	45,444
<b>Other equity</b>		-	-	-
Retained earnings	11	43,828	61,393	105,221
Other comprehensive income		-	(8,728)	(8,728)
Contingency reserve		2,033	-	2,033
Other reserves		136,055	-	136,055
<b>Total equity</b>		<b>227,360</b>	<b>52,665</b>	<b>280,025</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings		261,791	(80)	261,711
Other financial liabilities		-	-	-
Provisions	8	26,733	-	26,733
Grants	2,3	87,636	(49,913)	37,723
Deferred tax liabilities (net)	10	8,829	(3,020)	5,809
Other non-current liabilities		15,612	-	15,612
<b>Total non-current liabilities</b>		<b>400,601</b>	<b>(53,013)</b>	<b>347,588</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings		-	-	-
Other financial liabilities		131,365	-	131,365
Provisions	8	4,459	-	4,459
Other current liabilities		35,853	-	35,853
<b>Total current liabilities</b>		<b>171,677</b>	<b>-</b>	<b>171,677</b>
<b>Total liabilities</b>		<b>572,278</b>	<b>(53,013)</b>	<b>519,265</b>
<b>Total equity and liabilities</b>		<b>799,638</b>	<b>(348)</b>	<b>799,290</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

### B.3 Reconciliation of total comprehensive income for the year ended 31 March 2016

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Revenue from operations		88,355	-	88,355
Other income		8,405	1,450	9,855
Other gains/(losses) - net		-	-	-
<b>Total income</b>		<b>96,760</b>	<b>1,450</b>	<b>98,210</b>
<b>Expenses</b>				
Employee benefits expense		26,902	29	26,931
Finance costs		12,809	36	12,845



Depreciation and amortisation expense		27,405	-	27,405
Operating and other expenses	7	16,408	170	16,578
<b>Total expenses</b>		<b>83,524</b>	<b>235</b>	<b>83,759</b>
<b>Profit before tax</b>		<b>13,236</b>	<b>1,215</b>	<b>14,451</b>
Prior period incomes	1	160	(160)	-
Tax expense				
Current tax		2,859	-	2,859
Deferred tax (credit)/ charge	10	(7,710)	(355)	(8,065)
<b>Total tax expense</b>		<b>(4,851)</b>	<b>(355)</b>	<b>(5,206)</b>
<b>Profit / (Loss) for the year</b>		<b>8,545</b>	<b>700</b>	<b>9,245</b>
<b>Total comprehensive income for the year</b>		<b>8,545</b>	<b>700</b>	<b>9,245</b>

**B.4 Impact of Ind AS adoption on the consolidated statements of cash flows for the year ended 31 March 2016**

	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	93,182	11,912	105,094
Net cash flow from investing activities	(212,284)	934	(211,350)
Net cash flow from financing activities	117,407	(12,846)	104,561
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,694)</b>	<b>-</b>	<b>(1,694)</b>
Cash and cash equivalents as at 1 April 2016	6,179	-	6,179
Effects of exchange rate changes on cash and cash equivalents	-	-	-
<b>Cash and cash equivalents as at 31 March 2017</b>	<b>4,485</b>	<b>-</b>	<b>4,485</b>

**C. Notes to first-time adoption**

**Note 1 - Prior period items**

Under Ind AS, material prior period errors are corrected retrospectively by restating the comparative amounts prior periods presented in which the error occurred or if the error occurred before the earliest period presented , by restating the opening Balance Sheet.

**Note 2 - Deferred grant income for interest free government loan- Industrial development area, Parawada loan**

The Company as per para B11 of Ind AS 101 has elected to apply the requirements of Ind AS 109 in line with Ind AS 20 retrospectively. The deferred grant income has been set up using the appropriate discount rate equivalent to the market rate at which other loans have



been sanctioned to the company by Government of Andhra Pradesh. The impact of deferred grant income to be amortized before transition period along with the corresponding unwinding of interest free loan have been adjusted in opening retained earnings while the similar impact for subsequent years has been taken to the statement of profit or loss.

**Note 3 - Fair valuation of quoted equity shares**

Under the previous Gaap, investment in equity instruments were classified as long term investments or current investments based on the intended holding period . Long term investments were carried at cost less provision for other than temporary decline in the value of such investments .Current investments were carried at lower of cost and fair value. Under Ind AS, equity instruments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in the opening retained earnings as at the date of transition and subsequently in the statement of profit or loss for the financial year ended 31 March 2016.

**Note 4 - Extraordinary items**

As per Ind AS 8, there is no extra-ordinary items to be accounted. The same has been accounted under other expenses and operating expenses.

**Note 5 - Employee benefit**

Under previous GAAP, the Company recognized actuarial gains and losses in profit or loss. Under Ind AS, all actuarial gains and losses are recognized in other comprehensive income. Further, the Company has got the revised actuarial valuation reports for the year-ended 31 March 2017 as per Ind AS 19 which has resulted in a decrease in liability as recognized under previous GAAP.

**Note 6 - Loans and advances to staff**

Represents the fair value of low interest loans given to employees of the Company.

**Note 7 - Deferred taxes**

Under previous GAAP, deferred taxes are computed for timing differences between accounting income and taxable income for the year i.e. using the 'Income Statement Approach'. Under Ind AS, deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its Tax Base. This is referred to as the 'Balance Sheet Approach'. Based on this approach, additional deferred taxes have to be recognized by the Company on all Ind AS adjustments as the same would create temporary differences between the books and tax accounts.



**Note 8 - Retained earnings**

Retained earnings as at 1 April 2015 has been adjusted consequent to below Ind AS transition adjustments.

<b>Ind AS Impact</b>	<b>1 April 2015</b>	<b>31 March 2016</b>
<b>Equity as per IGAAP</b>	82,760	91,305
Fair value of investments	(242)	(412)
Unwinding of interest expense on interest free loan	(602)	(638)
Prior period adjustments	197	35
Reclass of grants to equity	127,260	136,055
Recognition of interest income on deferred grant	478	526
Deferred tax impact on Ind AS adjustments	3,375	3,020
Fair valuation of loans and advances to staff	-	28
Amortisation of grants	4,035	5,381
Reversal of consumer's contribution	44,724	44,724
<b>Change in equity</b>	<b>179,225</b>	<b>188,719</b>
<b>Equity as per Ind AS</b>	<b>261,985</b>	<b>280,024</b>

**Note 9 - Reclassification**

The ledgers created under Electricity Rules have been reclassified as per requirements of Ind AS wherever necessary.



**Function wise Balance Sheet As at 31 March 2017**

*Rs. in Lakhs*

	Notes	Transmission	SLDC	APTRANSCO
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	560,612.15	1,435.20	562,047.35
Capital work-in-progress	3	254,493.44	1,832.52	256,325.96
Financial assets				
Investments	4	6,743.40	-	6,743.40
Loans	5	53,361.55	21.63	53,383.18
Other non-current assets	6A	1,005.97		1,005.97
Non-current tax assets (net)	7	9,357.03		9,357.03
<b>Total non-current assets</b>		<b>885,573.54</b>	<b>3,289.35</b>	<b>888,862.89</b>
<b>Current assets</b>				
Inventories	8	22,455.00	-	22,455.00
Financial assets				
Trade receivables	9	14,333.64	1,642.42	15,976.06
Cash and cash equivalents	10	10,751.38	0.19	10,751.57
Other financial assets	11	1,830.58	189.71	2,020.29
Other current assets	6 B	11,770.16	-	11,770.16
<b>Total current assets</b>		<b>61,140.75</b>	<b>1,832.33</b>	<b>62,973.08</b>
<b>Total assets</b>		<b>946,714.29</b>	<b>5,121.68</b>	<b>951,835.97</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	12A	45,443.97	-	45,443.97
Other equity	12B	234,515.82	2,471.60	236,987.41
<b>Total equity</b>		<b>279,959.79</b>	<b>2,471.60</b>	<b>282,431.38</b>



	Notes	Transmission	SLDC	APTRANSCO
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	13	387,317.76	77.14	387,394.90
Provisions	14	19,871.98	-	19,871.98
Grants	15	70,376.36	-	70,376.36
Deferred tax liabilities (net)	17	11,223.08	-	11,223.08
Other non-current liabilities	18 A	15,116.10	-	15,116.10
<b>Total non-current liabilities</b>		<b>503,905.29</b>	<b>77.14</b>	<b>503,982.42</b>
<b>Current liabilities</b>				
Financial liabilities				
Other financial liabilities	16	121,105.18	-	121,105.18
Provisions	14	797.52	-	797.52
Other current liabilities	18 B	40,946.51	2,572.96	43,519.47
<b>Total current liabilities</b>		<b>162,849.20</b>	<b>2,572.96</b>	<b>165,422.17</b>
<b>Total liabilities</b>		<b>666,754.49</b>	<b>2,650.10</b>	<b>669,404.59</b>
<b>Total equity and liabilities</b>		<b>946,714.28</b>	<b>5,121.69</b>	<b>951,835.97</b>



## FUNCTION-WISE ANALYSIS OF REVENUE AND EXPENSES

*Rs. in Lakhs*

Sl. No.	Particulars	400 KV units	OMC units	Head Office/ Common	Total (Trns)	SLDC	Total (Trns+ SLDC)
<b>REVENUE:</b>							
1	Revenue from operations	-	-	97441.94	97441.94	4710.07	102152.01
2	Other income	2219.64	1993.81	12404.45	16617.90	154.63	16772.53
	<b>Total Income</b>	<b>2219.64</b>	<b>1993.81</b>	<b>109846.38</b>	<b>114059.83</b>	<b>4864.71</b>	<b>118924.54</b>
<b>EXPENSES:</b>							
3	Employee benefits expenses	3426.11	18168.74	6293.91	27888.76	2344.70	30233.46
4	Finance cost			20536.94	20536.94	14.04	20550.98
5	Depreciation and related expenses	10185.86	2279.91	21099.24	33565.01	29.51	33594.52
6	Operating and Other Expenses	1546.42	12145.85	4921.11	18613.38	304.30	18917.68
	<b>Total Expenditure</b>	<b>15158.39</b>	<b>32594.50</b>	<b>52851.20</b>	<b>100604.09</b>	<b>2692.55</b>	<b>103296.64</b>
	<b>Profit from operation before Income Tax</b>				<b>13455.74</b>	<b>2172.16</b>	<b>15627.90</b>

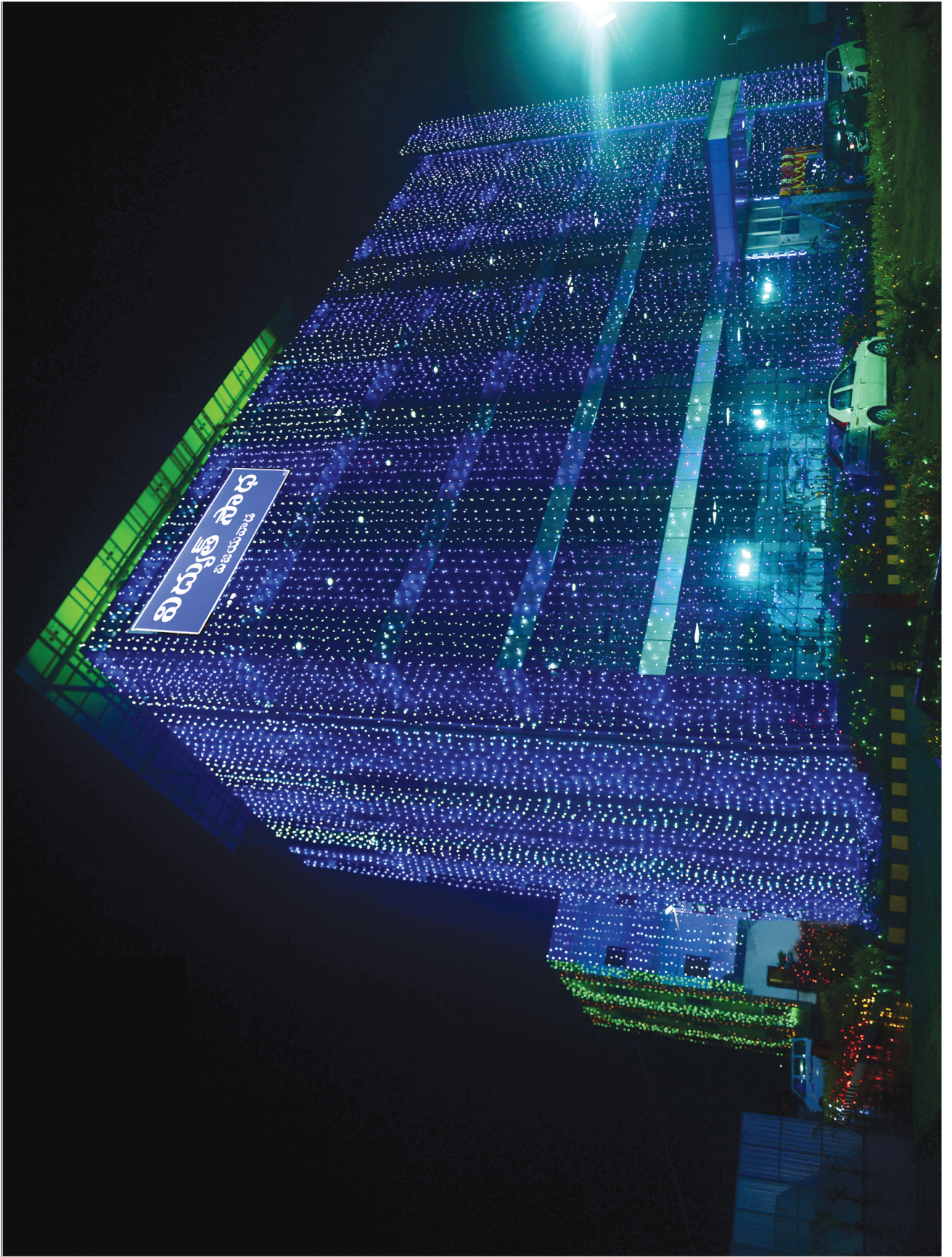


**STATEMENT OF TECHNICAL PARTICULARS**

Sl. No.	Particulars	Unit	This Year 2016-17	Previous Year 2015-16
1	Input from State Generators including wheeling	MU	46403.65	40575.09
2	CGS (Ex-Bus)	MU	6824.61	8699.51
3	System input at 132 KV & above including Wheeled Energy (1+2)	MU	53228.26	49274.60
4	Energy delivered by Transco to Discoms including Wheeled Energy	MU	51488.76	47330.78
5	Transmission Losses (incl wheeling) (3-4) inclusive of PGCIL losses	MU	1739.50	1943.82
6	%Transmission Losses (Incl wheeling) on respective Inputs $\{(5/3*100)\}$ inclusive of PGCIL losses	%	3.27	3.94
6a	%Transmission Losses (Incl wheeling) on respective Inputs $\{(5-11)/(3-11)*100\}$ exclusive of PGCIL losses	%	2.92	3.37
7	Net wheeled Energy at 132 KV & above by Third Party Developers	MU	379.34	378.41
8	Energy delivered by Transco to Discoms Excluding Wheeled Energy at 132 KV & above (4-7)	MU	51109.42	46952.37
9	Drawls at 33 KV & 11 KV from TP developers	MU	1708.36	1102.37
10	Drawls at 33 KV & 11 KV from Genco	MU	22.07	24.81
11	External losses (PGCIL losses)	MU	188.15	291.34
12	Input to Discoms (incl Wheeling Energy) (8+9+10)	%	52839.85	48079.55
13	Discoms sales of Energy (Excl Wheeling)	MU	48038.28	44362.33



Sl. No.	Particulars	Unit	This Year 2016-17	Previous Year 2015-16
14	Net Wheeled Energy at 33 KV & Below by Third party Developers	MU	190.13	193.22
15	Discoms sales of Energy (incl. Wheeling) (13+14)	MU	48228.41	44555.55
16	Distribution losses (incl. Wheeling) (12-15)	MU	4611.44	3524.00
17	% Distribution losses (incl. Wheeling) on respective inputs $\{(16/12)*100\}$	%	8.73	7.33
18	T&D Input (Ex-Bus Availability) (3+9+10)	MU	54958.69	50401.78
19	T & D Sales (incl. Wheeling) by Discoms (15+7)	%	48607.75	44933.96
20	T&D Losses (inc. Wheeling) (18-19)	MU	6350.94	5467.82
21	% T&D Losses (incl. wheeling) $(20/18*100)$	%	<b>11.56</b>	<b>10.85</b>





**Electricity Saved is Electricity Generated**