

ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED



18th Annual Report

2017-2018

Andhra Pradesh Power Finance Corporation Limited

48-12-16, 2nd Floor, East Wing, Vidyut Soudha, gunadala, Vijayawada - 520 004

Phone : 0866-2429226, E-mail : appfcl@gmail.com

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BOARD OF DIRECTORS

- | | | | |
|----|----------------------------------|---|-------------------|
| 1. | Sri M. Ravi Chandra, IAS | - | Chairman |
| 2. | Sri K. Vijayanand, IAS | - | Director |
| 3. | Sri Dinesh Paruchuri, IRS | - | Managing Director |
| 4. | Sri T.V.S.Chandrasekhar | - | Director |
| 5. | Sri I. Mohan Rao | - | Director |

OFFICE ADDRESS

48-12-16, 2nd Floor, East Wing, Vidyut Soudha,
GUNADALA, VIJAYAWADA - 520 004

STATUTORY AUDITORS

Deva & Co, Chartered Accountants
303, Siddhu Residency, 5-9-42/2, Hill Fort,
Street No. 2, Basheer Bagh, HYDERABAD – 500 063

INTERNAL AUDITORS

Sagar & Associates, Chartered Accountants
Prem Nagar, Hyderabad - 500004

REGISTRARS & BOND TRANSFER AGENTS

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31 & 32, Financial District,
Nanakramguda, Gachibowli, Hyderabad – 500 032

TRUSTEE BANKERS

SBICAP TRUSTEE COMPANY LTD
202, Maker Tower E, Cuffe Parade, Mumbai - 400 005

LISTING OF BONDS:

NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 001

CORPORATE IDENTITY NUMBER (CIN)

U40109AP2000SGC107482

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of Andhra Pradesh Power Finance Corporation Limited will be held on 27th day of November, 2018 at 12:30 P.M in the Chambers of Special Chief Secretary to Govt., Finance Department, 2nd Building, A.P Secretariat, Velagapudi, Guntur Dist, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018 the Statement of profit & Loss and Cash Flow Statement for the Financial year ended on that date of the Company together with Directors Report, Statutory Auditors Report and Comments of Comptroller and Auditor General of India, thereon.

Draft Resolution:

To consider and if thought fit to pass the following resolution(s) with or without modification(s) as an ordinary resolution:

“RESOLVED THAT the Audited Balance Sheet of the Company as on 31st March, 2018 the Statement of Profit & Loss and Cash flow statement for the year ended as on that date together with the Directors' Report, the Auditors' Report & Management replies, the Supplementary Audit Report & Management replies thereon for the F.Y.2017-2018 as laid before the members at this meeting be and are hereby adopted.”

2. To consider and if, thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the Provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, the remuneration of the Statutory Auditors, M/s.Deva & Co, Chartered Accountants, Hyderabad as appointed by the Comptroller & Auditor General of India (C&AG) under Section 139(5) of the said Act, be and is hereby approved at Rs.75,000/- plus GST as applicable, in addition to actual reasonable out of pocket expenses for the financial year 2018-19.”

SPECIAL BUSINESS:

3. To enhance the Borrowing Powers of the Board to exercise the Borrowing powers U/s 179 (3) (d) & 180 (1) (c) of the Companies Act , 2013: and in this regard to consider and if thought fit, to pass the following with or without any modification as a Special resolution:

“RESOLVED THAT in pursuance of the resolution passed by the company in the Extra Ordinary General Meeting held on 8th September 2003 approving the total amount of borrowing limit to the Board of Directors of the company to Rs. 10,000 Crores (Rupees Ten Thousand Crores only) in relation to the exercise of borrowing powers, it is hereby approved that, pursuant to the

provisions under the Sec 180 (1) (c) of Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 the Board of Directors of the company be and are hereby authorized to borrow money, from time to time, at their discretion either from the company's bank or any other Bank, Financial Institutions or any other lending Institutions or persons on such terms and conditions as may be considered suitable for the purposes of the business of the company not withstanding that the moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed shall not exceed the sum of Rs. 15,000 Crores (Rupees Fifteen thousand crores only) at any time.

“FURTHER RESOLVED THAT the Managing Director of the company be and is hereby authorized to file necessary forms with the Registrar of Companies under the companies Act, 2013 and to take all necessary steps to give effect to the above resolution.

4. To issue, Non-Convertible Debentures (NCDS), RS. 5000 Crores (Rupees Five Thousand Only) on Private Placement basis approved by the GoAP and in this regard to consider and if thought fit, to pass the following with or without any modification as a Special resolution:

“RESOLVED THAT pursuant to the provisions of Sections 42, 71 and 179 of the Companies Act 2013 (Act) read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, Rule 18 of Companies (Share Capital and Debentures) Rules, 2014 (Rules) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification/ amendments or re-enactments thereof) and relevant provisions of the Memorandum and Articles of Association of the Company, subject to such approvals as may be necessary; the consent of the Members of the Company be and is hereby accorded, by way of a special resolution, to authorise the Board of Directors of the Company to borrow/raise funds by way of issue of debt Security/bonds, secured/unsecured in one or more tranches by way of private placement.

“RESOLVED FURTHER THAT Managing Director of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board

Andhra Pradesh Power Finance Corporation Limited

Sd/-

Dinesh Paruchuri, IRS,

Managing Director

DIN:07361786

Place: Vijayawada

Date : 27.11.2018

EXPLANATORY STATEMENT**(Pursuant to Section 102(1) of the Companies Act, 2013)****Item No. 3:**

The Chairman informed that the Company in its Extra Ordinary General Meeting held on 08th September, 2003 passed/approved the following powers to the Board of Directors.

1. The Board of Directors can borrow money, that the total amount shall not exceed the sum of Rs. 10,000 Cr.
2. The Board of Directors can lease, mortgage/hypothecate/create charge on Movable and Immovable properties of the company, that total amount shall not exceed the sum of Rs. 10,000 Cr.

Therefore, the limit of Rs. 10,000 Crore on borrowings may be enhanced to Rs. 15,000 Crore. Therefore, the limit of Borrowing Powers of the Board of Directors U/s 179 (30 (d) and 180(1) (c) may be enhanced in the Annual General Meeting of the company.

Therefore, the same is placed in the General Meeting of the Members by way of special resolution for your approval. None of the Directors and key Managerial Personnel & their relatives are interested.

The Board of Directors recommends the resolution to be passed

Item No. 4:

The Chairman informed that the GOAP for issue of Bonds with Government Guarantee to the extent of Rs.5000 Crores vide GO Ms.No.35 Dt.30.10.2018.

1. Andhra Pradesh Power Finance Corporation Limited (APPFCL), a company wholly owned by the Government of Andhra Pradesh.
2. Unsecured, Rated, Listed, Redeemable, Taxable Non-Convertible Bonds; supported by Unconditional & Irrevocable Guarantee by the Government of Andhra Pradesh as a principal debtor & not merely as a surety. Interest and principal will be serviced by Govt of Andhra Pradesh fully, throughout the tenure of the issue.
3. Issue Size up to Rs. 5000 Crore.
4. Mode of issue through Private Placement.
5. The bonds would have collateral support by way of Unconditional & Irrevocable guarantee as a continuing obligation by the Government of Andhra Pradesh as a principal debtor & not merely as a surety

Therefore, the same is placed in the General Meeting of the Members by way of special resolution for your approval.

None of the Directors and key Managerial Personnel & their relatives are interested.

The Board of Directors recommend the resolution to be passed.

By Order of the Board

Andhra Pradesh Power Finance Corporation Limited

Sd/-

Dinesh Paruchuri, IRS,

Managing Director

DIN:07361786

Place: Vijayawada

Date : 27.11.2018

**DIRECTORS' REPORT**

To
The Members
ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

Your Directors have pleasure in presenting the 18th Annual Report on the operations of the Company together with the Audited Statement of Accounts for the year ended 31st March 2018.

FINANCIAL RESULTS

The shareholders are informed that consequent to the division of the state of Andhra Pradesh into the states of Andhra Pradesh & Telangana in terms of the provisions of the Andhra Pradesh Reorganization Act 2014, the entire Assets and Liabilities of the company have been divided between the two States. With effect from 2nd June 2014, the entire Assets and Liabilities of the company has been divided as per the GO Ms No. 28 dated 30-5-2014 and GO Ms No. 134 dated 31-5-2014 issued in this regard. The Assets and Liabilities and other transactions related Telangana state have been transferred to Telangana Power Finance Corporation Limited (TPFCL) and the Assets and Liabilities and others transactions related to the residue Andhra Pradesh are retained and continued in the company. Thus the Financial Statements as on 31-3-2018 reflect the transactions that are related to residue Andhra Pradesh only. The summary of the financial results of the company are as below:

Particulars	(Rupees in Crores) For the year ended	
	31.03.2018	31.03.2017
Revenue from operations - Receipts from Govt. of A.P	293.75	215.28
Other Income	0.13	0.15
Total Expenditure	293.88	215.43
Profit / (Loss) Before Tax	-	-
Provision for Tax- FBT	-	-
Profit / (Loss) After Tax	-	-
Balance brought forward from previous year	-	-
Balance carried to Balance Sheet	-	-

APPFC BONDS:

The "Demerger Plan" which was prepared on the basis of G.O Ms.No.28 ENERGY(CC) Dept. dated 30.05.2014 and was submitted to the Expert Committee on 15.04.2015 along with Audited accounts for the period 01.04.2014 to 01.06.2014. "Demerger Plan" approved by the Expert Committee vide **D.O.Lr No.5614/Expert Committee/2014 Date: 15-3-2018**. However, the

TSPFCL cannot accept the recommendations of Expert Committee the same is communicated to the APPFCL Vide Lr.No.MD/TSPFCL/Demerger Proposal/D.No/47/2018.Dt. 02.05.2018.

Consequent to the reorganization of the state of A.P, both successor states have paid the Principal & Interest amounts during the period 2017-18, in the ratio as per G.O Ms.No.28 i.e 59.54% (TS): 40.46% (AP).

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2017-18, Six meetings of Board of Directors were held on 26.07.2017, 26.09.2017, 23.10.2017, 28.11.2017, 28.12.2017 and 27.03.2018.

NUMBER OF AUDIT COMMITTEE MEETINGS

During the financial year 2017-18, Two meetings of Audit Committee were held on 23.10.2017 & 27.03.2018.

DIRECTORS

Changes in directorships from 01.04.2017 till the date of Directors Report is as below:

SI. No.	Name of the Appointee	Designation	In the place of	Date of Event
1	Sri. Ajay Jain, IAS	Nominee Director	Sri Rahul Pandey, IFS	04.07.2017
2	Sri M. Ravi Chandra, IAS	Nominee Director	Sri Ajeya Kallam, IAS	04.07.2017
3	Sri M. Venugopal Reddy	Nominee Director	Sri Ajay Jain, IAS	27.12.2017
4	Sri I. Mohan Rao	Nominee Director	Sri M Venugopal Reddy	20.08.2018

A. As on 31.03.2018

- | | | | |
|----|-----------------------------|---|-------------------|
| 1. | Sri M. Ravi Chandra, IAS | - | Chairman |
| 2. | Sri K. Vijayanand, IAS | - | Director |
| 3. | Sri Ajay Jain, IAS | - | Director |
| 4. | Sri M. Venugopal Reddy, IAS | - | Director |
| 5. | Sri Dinesh Paruchuri, IRS | - | Managing Director |
| 6. | Sri T.V.S. Chandrasekhar | - | Director |

B. As on the date of Directors Report

- | | | | |
|----|---------------------------|---|-------------------|
| 1. | Sri M. Ravi Chandra, IAS | - | Chairman |
| 2. | Sri K. Vijayanand, IAS | - | Director |
| 3. | Sri Dinesh Paruchuri, IRS | - | Managing Director |
| 4. | Sri T.V.S. Chandrasekhar | - | Director |
| 5. | Sri I. Mohan Rao | - | Director |

AUDIT COMMITTEE

The Audit Committee of the Board consists of the following Directors:

A. As on 31.03.2018:

1. Sri. M Ravi Chandra, IAS	-	Chairman
2. Sri. Ajay Jain, IAS	-	Member
3. Sri. K. Vijayanand, IAS	-	Member
4. Sri. Dinesh Paruchuri, IRS	-	Member
5. Sri. T.V.S. Chandrasekhar	-	Member

B. As on the date of Directors Report:

1. Sri. M Ravi Chandra, IAS	-	Chairman
2. Sri. K. Vijayanand, IAS	-	Member
3. Sri. Dinesh Paruchuri, IRS	-	Member
4. Sri. T.V.S. Chandrasekhar	-	Member

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

As per Article No.31 of the Articles of Association of the Company the Government of Andhra Pradesh has the right to nominate and appoint Managing Director & other Directors of the Company. Non-executive Directors are paid Sitting fees for attending the Board and Committee meetings.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the Company has not given any loans or issued guarantees or made investments.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED IN SUB - SECTION (1) OF SECTION 188

The Company has not entered into any transactions with Related Parties in terms of Section.188 of the Companies Act, 2013.

TRANSFER TO RESERVES

During the FY 2017-18, no amount is transferred to Reserves.

DIVIDEND

The Company has not declared any dividend during the year.

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

Conservation of Energy: The Company is not engaged in manufacturing operation.

Technology Absorption: -Nil-

Foreign Exchange Earnings & Outgo: -Nil-

CHARGES

The Company has not availed loans from any Bank / Financial Institutions during the financial year under review.

FIXED DEPOSITS

The Company is a Non-Banking Finance Company (NBFC) vide CoR No. 01-34911, Date. 12-07-2000. During the financial year 2017-18, the company has not accepted any fixed deposits.

SHIFTING OF THE REGISTERED OFFICE:

During the Financial Year the Registered office of the Company was shifted from the state of Telangana to Vidyuth Soudha, Gunadala, Vijayawada, Andhra Pradesh, consequent to state bifurcation.

INTERNAL CONTROL:

The Company has a proper and adequate system of internal control to ensure all the assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, regarded and reported correctly.

AUDITORS:**STATUTORY AUDITORS**

M/s. Deva & Co, Chartered Accountants, Hyderabad were appointed by the Comptroller and Auditor General of India as Statutory Auditors of the Company for the Financial Year 2018-19.

INTERNAL AUDITORS

M/s. Sagar and Associates, Chartered Accountants, Hyderabad were appointed as Internal Auditors of the Company for the financial year 2018-19.

EXPLANATIONS OR COMMENTS BY BOARD OF DIRECTORS ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE IN AUDIT REPORT

There are no qualifications, reservations or adverse remarks made by Auditors in their Audit Report.

COMMENTS FROM C&AG FOR THE FY 2017-18

The Comptroller & Auditor General (C&AG) of India had issued its NIL Comments on the financial statements for the financial year 2017-18 vide No.PAG (Audit)/AP/ ES-II(Power)/APPFC/AA 2017-18/11 dated 17-10-2018. A Copy of the same was forwarded to all the shareholders for their perusal & record. Comments of C&AG is given as Annexure to this report.

TRANSFER OF UNCLAIMED POWER BONDS PRINCIPAL & INTEREST AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF).

The Company has transferred an amount of Rs. 21,84,469/-and Rs. 11,51,158/-to Investor Education and Protection Fund (IEPF)as on the date of this report.

EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure in the prescribed Form MGT-9, which forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013 with respect to the Director's Responsibility Statement, it is hereby confirmed:

- I. In the preparation of the annual accounts for the financial year ended 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the accounts for the financial year ended 31st March 2018 on a 'going concern' basis; and
- v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.



ACKNOWLEDGEMENT

Your Directors wish to place on record their deep appreciation of the continued support received from the Government of Andhra Pradesh, especially the Departments of Energy and Finance and bankers and other agencies, which are instrumental in smooth operations of the Company. Your Directors also wish to thank the employees of the Company for their efficient and dedicated services.

For and on behalf of the Board

Sd/-

(M. Ravi Chandra, IAS)

Chairman

Place: Vijayawada

Date: 18-12-2018

FORM NO. MGT.9
Annexure-1
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31/03/2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]
I. REGISTRATION AND OTHER DETAILS:

I	CIN	U40109AP2000SGC107482
II	Registration Date	12.07.2000
iii	Name of the Company	Andhra Pradesh Power Finance Corporation Limited
iv	Category / Sub-Category of the Company	Public Company / Limited by Shares / State Government Company
v	Address of the Registered office and contact details	# 48-12-16, 2nd Floor, East Wing, Vidyut Soudha, Gunadala, Vijayawada-520004
vi	Whether listed company Yes / No	Yes (Bonds are Listed)
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt Ltd Karvy Computershare Pvt Ltd Financial District, Nanakram Guda, Hyderabad, Telangana 500032

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:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Finance activity	6592	100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S.NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
No Holding, Subsidiary and Associate Companies					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total	
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	16,91,401	16,91,401	100	0	16,91,401	16,91,401	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
Sub-total (A) (1):-	0	16,91,401	16,91,401	100	0	16,91,401	16,91,401	100	0
(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
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of									
Promoter (A) = (A)(1)+(A)(2)	0	16,91,401	16,91,401	100	0	16,91,401	16,91,401	100	0
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
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign venture capital fund	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	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 shareholders holding nominal share capital uptoRs. 1 lakh									
ii) Individual shareholders 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
Sub-total (B)(2):-Total Public Shareholding (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
Grand Total (A+B+C)	0	16,91,401	16,91,401	100	0	16,91,401	16,91,401	100	0

(*) – Pursuant to G.O Ms.No.28, Energy Department, Govt. of A.P dated 30.05.2014

(ii) Shareholding of Promoters:

Sl. No.	Share holder's Name	No. of Shares held at the beginning of the year			No. of Shares held 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 company	% of Shares Pledged/ encumbered total shares	
1	Governor of Andhra Pradesh	16,91,394	100.00	0	16,91,394	100.00	0	(*)
2	Nominees of Governor of Andhra Pradesh (9 no.s)	7	negligible	0	7	negligible		
	Total	16,91,401	100.00	0	16,91,401	100.00	0	0

(*) – Pursuant to G.O Ms.No.28, Energy Department, Govt. of A.P dated 30.05.2014

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

The Company is a State Government company and 100% shareholding is 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 is 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

(Amount in crores)

	Secured Loans excluding deposits	Unsecured Loans (APPFC Bonds)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
I) Principal Amount	-	2325.80	-	2325.80
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	2325.80	-	2325.80
Change in Indebtedness during the financial year (Interest amount)				
Addition	-	293.50	-	214.98
Reduction	-	293.50	-	214.98
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	2325.80	-	2325.80
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	2325.80	-	2325.80

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SI No.	Name of the MD/ WTD and Manager	Remuneration)					Total	Ceiling as per Act
		(Amount in Rs.						
		Gross salary	Stock option	Sweat Equit	Commission	Others		
1.	Sri. Dinesh Paruchuri IRS Managing Director	1,78,480	Nil	Nil	Nil	Nil	1,78,480	Not Applicable
	TOTAL						1,78,480	

B. Remuneration to other directors:

SI No.	Name of the Director	Remuneration (Amount in Rs.)			
		Fee for attending board / committee meetings	Commission	Others	Total
A.	INDEPENDENT / NON EXECUTIVE DIRECTORS				
1	Sri. M. Ravi Chandra, IAS	7000	Nil	Nil	7000
2	Sri. K. Vijayanand, IAS	8000	Nil	Nil	8000
3	Sri. Ajay Jain, IAS	2000	Nil	Nil	2000
4	Sri. T.V.S Chandrasekhar	5000	Nil	Nil	5000
5	Sri.M. Venu Gopal Reddy, IAS	1000	Nil	Nil	1000
		TOTAL			23,000

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

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board
Sd/-
(M. Ravi Chandra, IAS)
Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of

ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

Report on Standalone Financial Statements

We have audited the accompanying standalone financial statements of M/s. Andhra Pradesh Power Finance Corporation Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Management and Board of Directors of the Company are responsible for the matters stated in section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in section 133 of the Act, read with rule 7 of companies (Accounts) Rules, 2014.

This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2018;
- b) in the case of the Profit and Loss statement, of the Rs. 2.89 Lakhs LOSS for the year ended on that date;
- c) in the case of the cash flow statement , of the cash flows for the year ended on that date

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 sub-section (11) of Section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, We further 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 purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the accounting standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
 - e. On the basis of the written representations received from the directors as on 31st March , 2018, taken on record by the board of directors, none of the directors is disqualified as on 31st March , 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - 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. As required by Section 143(5) of the Act, we have considered the directions / sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact to the financial statements of the Company are given in the Annexure C.
- h. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule II of the Companies (Audit and Auditors) Rules, 2014:
- i. The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements.
- ii The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
- iii There has been an occasion in case of the Company during the year under report of delay to transfer Rs.32,80,148/- to the Investor Education and Protection Fund. Company has taken DD of Rs.21,84,469/- in favour of IEPF Account dated 07.06.2018. The amount of Rs.5,55,929/- is withheld by the company up on client request. And the delay is being continued for Rs.5,39,750/- as at Audit Report. The management is in the process of transferring Rs.5,39,750/-.

For M/S. DEVA & CO
Chartered Accountants
Firm Reg.No.000722S

Sd/-

Supriya.B
Partner

Membership No. 229749

Place: Hyderabad

Date : 24.07.2018

“Annexure A” to the independent Auditors Report

Referred to in paragraph I under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the stand alone financial statements of the Company for the year ended 31st March 2018

- 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) These Fixed assets have been physically verified by the management at reasonable intervals, no material discrepancies were noticed on such verification.
 - (c) The company does not have any immovable properties.
- ii. The company does not have any inventory so this clause is not applicable to the company.
- iii. In respect of loans, secured or unsecured, granted or taken by the company to / from companies, firms or other parties covered by the clause 76 of section 2 of the Companies Act,2013:
 - (a) In our opinion and according to the information and explanations given to us, the company has not granted any loan so this clause is not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the company has not granted any loans to directors and has not made any investments.
- v. In our opinion and according to the information given to us, the Company has issued bonds to the outsiders.
- vi. As per the notification no.G.S.R.425 (E) dated 30th June 2014 issued by Ministry of corporate affairs, as per clause 3(B) (iii) of the Companies (Cost Records and Audit) Rules,2014 company is falling under the category for maintaining the cost records but company's turnover is less than the threshold limit prescribed under the rule. And as per notification G.S.R. 425 (E) dated 30th June 2014 issued by Ministry of corporate affairs, as per clause 4 of the companies (Cost Records and Audit) Rules,2014 cost audit is not mandatory for the company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing the undisputed statutory dues including Income-tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues where ever applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income Tax which have not been deposited as at 31st March 2018 on account of dispute are given below.

Nature of statue	Nature of dues	Forum where dispute is pending	Period to which The amount relates	amount
The Income Tax Act, 1961	Income Tax	High Court	A.Y 2012-13	
The Income Tax Act, 1961	Income Tax	CIT	A.Y 2013-14	53,48,730

- viii. The Company does not have any loans or borrowings from financial institutions and banks so the said clause is not applicable to the company.
- ix. The company does not have any term loans so the said clause is not applicable to the company.
- x. In our opinion, Based upon audit procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion, based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion and according to the information and explanations given to us the company is not a Nidhi Company. Therefore, the said clause is not applicable to the Company.
- xiii. Based upon the audit procedures performed and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013.
- xiv. In our opinion, based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. In our opinion, based upon the audit procedures performed and information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected by him.
- xvi. In our opinion, the company is registered as NBFC under section 45-1A of the Reserve Bank of India Act, 1934 as Investment company

For M/S. DEVA & CO
Chartered Accountants
Firm Reg.No.000722S

Sd/-
Supriya.B
Partner

Place: Hyderabad
Date: 24.07.2018

Membership No. 229749

Annexure — "B" to the 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 M/S. **Andhra Pradesh Power Finance Corporation Limited ("the Company")**, as of 31st March 2018 in conjunction with our audit of the standalone 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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial 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 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s. DEVA & CO

Chartered Accountants

Firm Regn.No.000722S

Sd/-

Supriya.B

Partner

Membership No. 229749

Place: Hyderabad

Date: 24.07.2018

Annexure-C to the Auditor's Reports

(As referred to in Point no G of paragraph no 2 in report on other legal and regulatory requirements of our report of even date to the members of the **Andhra Pradesh Power Finance Corporation Limited** on the Financial Statements for the year ended 31st March 2018.

As required by section 143(5) of the companies act 2013, we give in the Annexure C, to this report a statement on the directions and sub directions issued by the Comptroller & Auditor General of India, to the extent applicable to the information and explanations given to us during course of our audit and the audit procedures conducted by us, we report that:

Report on Sub Directions u/s 143 (5) of the Companies Act 2013:

Sl. No	Description	Observation
1.	Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	As per explanation and information given to us and records verified by us the company does not own any freehold or lease hold land.
2.	Whether there are any cases of waiver/write off of ebts/loans/ interest etc.. If yes, the reason therefore and the amount involved	As per explanation and information given to us and records verified by us the company has not waived off or write off any debts/loans or interest.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities.	As per explanation and information given to us and records verified by us the company does not have any inventories.

For M/s. DEVA & CO

Chartered Accountants Firm Regn.No.000722S

Sd/-

Supriya.B

Partner

Membership No. 229749

Place: Hyderabad

Date: 24.07.2018

**NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED
31st MARCH, 2018**

To
The Board of Directors,
ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016" issued by the Reserve Bank of India, on the matters specified in Chapter - II of the said Directions to the extent applicable to the Corporation, we report that:

1. The Company had applied for registration as provided in section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and has been granted certificate of registration by Reserve Bank of India on 25th August, 2000 having Registration No. 09.00266. Further, the Company is entitled to continue to hold such registration in terms of its asset/income pattern as on 31.03.2018.
2. As per Para 2 (v) of RBI Circular No. DNBR (PD) CC.No.052/03.10.119/2015-16 dated 1st July, 2015, Sections 45-IB and 45-IC of the Reserve Bank of India Act, 1934 on Maintenance of Percentage of Assets and Reserve Fund; paragraphs 4 to 7 of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 (since repealed by Prudential Norms Directions Notification No 192 dated February 22, 2007), except paragraph 13A of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to any non-banking financial company as defined in section 45-I(I) of the Reserve Bank of India Act, 1934 (2 of 1934) being a Government company as defined as per clause 45 of the Companies Act, 2013.
3. According to information and explanation given to us, the RBI Directions as to deposits are not applicable to the Company. Therefore, the Board of Directors of the Company has not passed a resolution for non- acceptance of any public deposits.
4. The Company has not accepted any public deposits during the year 2017-2018
5. The Company has complied with the Prudential norms relating to, income recognition, accounting standards, asset classification and provisioning for Bad and Doubtful debts in terms of Non-Banking Financial Company - Systemically Important Non-Deposit taking



Company and Deposit taking Company (Reserve Bank) Directions, 2016, in so far as the same are applicable to the Company.

6. In terms of RBI Master Circular No. RBI/2015-16/28DNBR (PD) CC.No.055/03.10.119/2015-16 dated July 1, 2015, being a Government Company, it is exempt from submitting NBS-7 to the Reserve Bank of India.
7. The company is generally regular in filing Asset Liability management-1 (ALM-1) returns to RBI.

For M/S. DEVA & CO
Chartered Accountants
Firm Reg.No.000722S

Sd/-

Supriya.B

Partner

Membership No. 229749

Place: Hyderabad

Date: 24.07.2018



No.PAG(Audit)/ES-II (Power)/APPFCL/AA 2017-18/ 11

Dated: 17.10.2018

To
The Managing Director,
Andhra Pradesh Power Finance Corporation Limited,
Peshi of JMD (FIN, HRD & IT), SLDC Block, 4th Floor,
Vidyut Soudha, Gunadala,
Vijayawada - 520 004.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of Andhra Pradesh Power Finance Corporation Limited for the year ended 31st March 2018.

I am to forward herewith Nil comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of your company for the year ended 31st March 2018 for necessary action. You are requested to communicate/ furnish the following.

1. The date of placing of Nil comments report along with annual accounts and auditor's report before the shareholders of the company. A copy of the proceedings of the meeting held in this regard may be furnished.
2. The date of forwarding the annual report and annual accounts of the company together with the auditor's report and Nil comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislature of Andhra Pradesh may be communicated.
3. Ten copies of the Annual Report for the years 2017-18 may be furnished in due course.

Receipt of this letter along with the enclosure may please be acknowledged.

Yours faithfully,

Sd/-

Sr. Deputy Accountant General (ES)

Encl: As stated.

Comments of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of Andhra Pradesh Power Finance Corporation Limited for the year ended 31st March 2018.

The preparation of financial statements of Financial Statements of Andhra Pradesh Power Finance Corporation Limited for the year ended 31st March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is/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 24 July 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Andhra Pradesh Power Finance Corporation Limited for the year ended 31st March 2018 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

for and on the behalf of
the Comptroller and Auditor General of India
Sd/-
(L.V.Sudhir kumar)
Principal Accountant General (Audit)

Place: Hyderabad.

Date: 17.10.2018.

BALANCE SHEET AS ON 31-03-2018

S.No	Particulars	Note No.	As on 31-03-18 Amount Rs.	As on 31-03-17 Amount Rs.
A.	I. EQUITY AND LIABILITIES:			
	Share Holders' Funds:			
	(a) Share Capital	2	16,91,40,100	16,91,40,100
	(b) Reserves and Surplus	3	(2,88,981)	
B.	Non Current Liabilities			
	(a) Long Term Borrowings	4	2325,80,00,000	2286,30,00,000
	(b) Other Long Term Borrowings	5	-	20,61,044
C.	Current Liabilities			
	(a) Trade Payables	6	32,73,84,785	36,031
	(b) Other Current Liabilities	7	2,89,756	8,55,457
	TOTAL		2375,45,25,660	2303,50,92,632
A.	II. ASSETS:			
	Non Current Assets			
	(a) Fixed Assets:			
	(i) Tangible Assets	8	30,324	49,214
	(b) Long Term Loans & Advances	9	2260,10,00,000	2286,30,00,000
	(c) Other Non Current Assets	10	65,70,00,000	-
B.	Current Assets			
	(a) Cash & Cash Equivalents	12	2,08,65,126	2,01,09,992
	(b) Other Current Assets	11	47,56,30,210	15,19,33,426
	TOTAL		2375,45,25,660	2303,50,92,632

The accompanying notes forms an integral part of the financial statements

As per our report of even date

For M/s. Deva & Co.,
Chartered Accountants
Firm Regn.No.000722S

For ANDHRA PRADESH POWER FINANCE CORPORATION LTD

Sd/-
SUPRIYA.B
Partner
Membership No.229749

Sd/-
DINESH PARUCHURI, IRS
Managing Director

Sd/-
K.VIJAYANAND, IAS
Director

Place: Hyderabad.
Date : 24-07-2018



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2018

S.No.	Particulars	Note	As on 31-03-18 Amount Rs.	As on 31-03-17 Amount Rs.
I.	Revenue from Operations	13	2,93,75,37,052	2,15,28,54,390
II.	Other Income	14	13,52,927	14,85,334
III.	Total Revenue (I + II)		293,88,89,979	215,43,39,724
IV.	Expenses:			
	(a) Employee Benefit expenses	15	1,78,480	2,18,421
	(b) Finance Costs	16	293,50,37,052	214,97,99,843
	(c) Depreciation and amortization Expenses	8	18,890	29,383
	(d) Other Expenses	17	39,44,538	42,92,077
	Total Expenses		293,91,78,960	215,43,39,724
V.	Profit/(Loss) Before Exceptional Items and Tax (III-IV)		(2,88,981)	-
VI.	Exceptional Items		-	-
VII.	Profit/(Loss) Before Tax (V-VI)		-	-
VIII.	Tax Expense:			
	(1) Current Tax		-	-
	Less: MAT Credit		-	-
	Net Current Tax		-	-
	(2) Deferred Tax Liability/(Asset)		-	-
IX.	Profit/(Loss) for the period		-	-
X.	Earning/(Loss) Per Share			
	Basic		-	-
	Diluted		-	-

The accompanying notes forms an integral part of the financial statements

As per our report of even date

For M/s. Deva & Co.,

Chartered Accountants

Firm Regn.No.000722S

For ANDHRA PRADESH POWER FINANCE CORPORATION LTD

Sd/-

SUPRIYA.B

Partner

Membership No.229749

Sd/-

DINESH PARUCHURI, IRS

Managing Director

Sd/-

K.VIJAYANAND, IAS

Director

Place: Hyderabad.

Date : 24-07-2018

Notes on Balance Sheet and Profit & Loss A/c.

PARTICULARS	As on 31-03-18 Amount Rs.	As on 31-03-17 Amount Rs.
Note 2		
Share Capital		
Authorized Capital		
30,00,00,000 Equity shares of Rs. 100/- each	3000,00,00,000	3000,00,00,000
Issued, Subscribed & Paid up Capital:		
16,91,401 Equity Shares of Rs. 100/- each fully paid	16,91,40,100	16,91,40,100
(a) Reconciliation of Shares outstanding at the beginning and the end of the year		
Equity Shares		
At the beginning of the Year	16,91,40,100	16,91,40,100
Add: Issued during the year		
Outstanding at the end of the year	16,91,40,100	16,91,40,100
(b) Terms/Right attached to Equity Shares	-	-
i) There are no shares issued in last 5 years as fully paid up pursuant to contracts without payment being received in cash.		
(C) Details of share holding more than 5% of equity shares in the company		
Governor of Andhra Pradesh, represented by the by the MD of the company	16,91,40,100	16,91,40,100
Note 3		
Reserve and Surplus		
P&L bal	(2,88,980.51)	
Note 4		
Non Current Liabilities		
a) Long term Borrowing (Unsecured)		
l) Bonds		
1/2005 Bonds Issue 16th Series	238,70,00,000	241,10,00,000
1/2010 Bonds Issue 17th Series	468,90,00,000	427,00,00,000
1/2011 Bonds Issue 18th Series	62,10,00,000	62,10,00,000
2/2011 Bonds Issue 19th Series	301,10,00,000	301,10,00,000
1/2012 Bonds Issue 20th Series	127,10,00,000	127,10,00,000
2/2012 Bonds Issue 21st Series	404,60,00,000	404,60,00,000
3/2012 Bonds Issue 22nd Series	723,30,00,000	723,30,00,000
	2325,80,00,000	2286,30,00,000

Notes on Balance Sheet and Profit & Loss A/c.

PARTICULARS	As on 31-03-18 Amount Rs.	As on 31-03-17 Amount Rs.
Note 5		
<u>Non Current Liabilities</u>		
b) Other Long Term Borrowing	-	20,61,044
Trustee Fee Payable	-	20,61,044
Note 6		
<u>Current Liabilities</u>		
Trade Payables	36,031	36,031
De-merger proposal preparation charges payable	32,73,48,754	-
Payable/Receivable from TS Govt	32,73,84,785	36,031
Note 7		
<u>Current Liabilities</u>		
<u>Other Current Liabilities</u>		
Accounting Charges Payable	-	10,500
Company Secretary Charges Payable	-	9,000
Deputation allowance Payable	-	3,46,364
Folio Maintenance Charges Payable	1,10,383	78,250
E TDS Filling fee Payable	4,050	-
Service tax Consultancy Charges Payable	5,400	5,250
Internal Audit Fee Payable	21,600	25,200
Statutory Audit Fee Payable	67,500	78,750
Outsourcing Staff Salaries Payable	21,384	18,098
Telephone and Internet Expenses Payable	318	4,283
Vehicle Hire Charges Payable	30,380	86,583
Tax Audit Fee Payable	5,000	5,250
GST Payable	1,260	-
Service Tax Payable	-	38,072
TDS Payable	18,989	1,49,857
Travelling Expenses Payable	3,492	-
	2,89,756	8,55,457

STATEMENT SHOWING DEPRECIATION AS PER COMPANIES ACT AS AT 31ST MARCH, 2018

NOTE - 8

(Amount in Rs)

Description of Asset	Gross Block				Depreciation				Net Block		
	As on 01-04-17	Additions during the year	Deletions during the year	Total as on 31-03-18	Life	Retained Earnings	Upto 31-03-17	During the year	Total Dep.	As on 31-03-18	As on 31-03-17
	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.
1 Computers-1	1,46,240	-	-	1,46,240	3	-	1,46,240	-	1,46,240	-	-
2 Computers-2	39,000	-	-	39,000	3	-	2,893	12,350	15,243	23,757	36,107
3 Furniture and Fixtures	68,837	-	-	68,837	10	-	55,730	6,540	62,270	6,567	13,107
4 Office Equipments	1,38,449	-	-	1,38,449	15	-	1,38,449	-	1,38,449	-	-
TOTAL	3,92,526	-	-	3,92,526		-	3,43,312	18,890	3,62,202	30,324	49,214
Previous Year Figures	3,53,526	39,000	-	3,92,526	-	-	3,13,929	29,383	3,43,312	49,214	39,597

Notes on Balance Sheet and Profit & Loss A/c.

PARTICULARS	As on 31-03-18 Amount Rs.	As on 31-03-17 Amount Rs.
Note 9		
<u>Long Term Loans and Advances</u>		
Loans to Discoms AP - Govt	-	-
Loans to AP DISCOM'S Pool Account	2260,10,00,000	2286,30,00,000
	2260,10,00,000	2286,30,00,000
Note 10.		
<u>Other Non Current Assets</u>		
Call Option	65,70,00,000	-
	65,70,00,000	-
Note 11		
<u>Other Current Assets</u>		
Received from AP Govt	47,42,75,504	14,85,76,1116
Receivables from TS Govt	-	15,90,176
TDS Receivable from SBH on Fixed Deposit	13,31,059	11,97,189
Interest Receivable from Fixed Deposit	13,085	-
Prepaid Expenses	10,562	2,423
Service tax Deposit	-	5,67,522
	47,56,30,210	15,1933,426
Note 12		
<u>Cash and Cash Equivalent</u>		
Balances with Scheduled Bank		
In Current Account with SBH	8,48,589	95,920
In Deposit Account with SBH	2,00,00,000	2,00,00,000
In Service Tax No - Lien Account SBH	3,712	1,850
Cash on Hand	12,825	12,222
	2,08,65,126	2,01,09,992
Note 13		
<u>Revenue from Operations - Receipts from Government</u>		
a) For payment of Interest on Bonds - AP Govt	293,50,37,052	214,97,81,740
b) For Reimbursement of Other Expenses incurred	25,00,000	30,72,650
	293,75,37,052	215,28,54,390

Notes on Balance Sheet and Profit & Loss A/c.

PARTICULARS	As on 31-03-18 Amount Rs.	As on 31-03-17 Amount Rs.
Note 14		
<u>Other Income</u>		
Interest on Fixed Deposit	13,52,927	14,85,334
Note 15		
<u>Employee Benefit Expenses</u>		
MD Remuneration	1,78,480	2,18,421
	1,78,480	2,18,421
Note 16		
<u>Finance Cost</u>	293,50,37,052	214,97,99,843
Interest on Bonds (Reimbursed by Govt of AP)	293,50,37,052	214,97,99,843
Note 17		
<u>Other Expenses</u>		
Trustee Fee	15,61,895	16,74,822
NSE Listing Fee	1,40,138	1,40,843
ROC Filling Fee	50,800	16,200
E-TDS Filling Fee	19,676	8,051
Custodial Service Fee paid to CDSL & NSDL	1,00,602	1,00,602
Consultant & Professional Charges	-	1,74,960
Directors Sitting Fee	23,000	25,000
Printing & Stationery	38,234	32,351
Penalty	100	426
Service Tax	-	101,453
Rating charges	69,000	-
Packing & forwarding charges	16,000	-
Put option charges	1,093	-
Interest on Service Tax	1,489	157
Postage & Courier	42,454	12,898
Vehicle Hire Charges	4,23,303	11,40,700
Travelling Expenses	38,964	36,963
Telephone & Internet Expenses	21,648	82,186
Folio Maintenance Charges	38,783	48,289
Office Maintenance	19,829	28,821
Accounting Charges	-	1,37,400

**Notes on Balance Sheet and Profit & Loss A/c.**

PARTICULARS	As on 31-03-18 Amount Rs.	As on 31-03-17 Amount Rs.
Bank Charges	2,920	-
Advertising Charges	4,71,373	-
Company Secretary Charges	62,500	1,20,000
Website Maintenance	7,025	7,667
Outsourcing Staff Salaries	2,29,515	1,99,441
Service Tax Consultancy Charges	1,52,250	68,950
GST Input amount	3,16,397	-
Auditors Remuneration		
For Statutory Auditors	66,450	86,625
For Internal Auditors	24,350	35,772
For Tax Auditors	4,750	11,500
	39,44,538	42,92,077

As per out report of even date
For M/s. Deva & Co.
Chartered Accountants
Firm egn. No. 0007225

For ANDHRA PRADESH POWER FINANCE CORPORATION LTD

Sd/-
SUPRIYA.B
Partner
Membership No.229749

Sd/-
DINESH PARUCHURI,
IRS Managing Director

Sd/-
K.VIJAYANAND, IAS
Director

Place : Hyderabad.
Date : 24-07-2018

Note No. 1**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:**

Andhra Pradesh Power Finance Corporation Limited (APPFCL) was incorporated, pursuant to the Andhra Pradesh GO (Government Order) Ms. No. 54, dated 19/05/2000, as a Government Company under the Companies Act 1956, on 12th July, 2000 and had commenced its business on 13th July, 2000 and also obtained, the Certificate of Registration from the Reserve Bank of India as a Non-Banking Financial Institution under the Reserve Bank of India Act 1934, vide letter no. DNBS (H) No. 714/04.039/2000-2001, dated August 25th 2000. The main object of the Company includes providing Long Term Finance to those Enterprises wholly engaged in the business of developing, maintain and operating of Power, and relating thereto including but not limited to generation transmission, distribution facility viz., GENCO, TRANSCO, DISCOMs.

Presentation and Disclosures in Financial Statements:**A. Significant Accounting Policies:**

- During the year, the company has changed its accounting method from the Cash system to the Accrual system and due to which there is material increase in revenue of Rs 78.48 Crores and increase in the expenses of Rs.78.48 Crores.

a. Basis of Accounting:

- (i) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the Provisions of the Companies Act, 2013.
- (ii) The Company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (iii) The Government Receipts in the form of Interest for the payment of Interest on bonds of Rs. 293.50 Crores (Previous year: Rs. 214.98 crore), and Reimbursement of expenses incurred by the company on behalf of the Government Rs. 25 Lakhs (previous year: Rs. 30.73 Lakhs) have been depicted separately both under 'Revenue from operations' and Expenses' in the Statement of Profit & Loss, which is met/reimbursed by the Government of AP to the company on actual basis.

b. Revenue Recognition:

- (i) The Company recognizes interest income on the loans to DISCOMS – AP Government and Loans to DISCOMs' Pool Account, out of the various series of bonds issued by the company on receipt basis, and the same is shown as interest income in the statement of Profit & Loss.

- (ii) The company accounts for the interest expenditure on various series of Bonds, Term Loan and other operating expenses, which is reimbursed by the Government of Andhra Pradesh and the same is taken as expenditure in the Statement of Profit & Loss.

c. Fixed Assets:

Fixed assets are stated at historical cost and as reduced by accumulated depreciation. All costs including financing costs, up to the date of commissioning and attributable to the fixed assets are capitalized.

d. Depreciation:

Depreciation on fixed assets is provided on straight-line basis at rates prescribed in schedule II of the Companies Act, 2013. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

UNSECURED BOND/TERM LOAN:

Rs.2325.80 crore (last year Rs.2286.30 crore)

- i. The Company has raised funds through private placement of “APPFC BONDS” in the earlier years under the various series, but during the current year no funds have been raised by the Company. The common features of the various series of bonds are as under:
- ii. The Bonds carry with them an unconditional and irrevocable guarantee, for the due repayment, both interest and principal, of the Government of AP.
- iii. The redemption of the Bonds/repayment to the bond holders is governed by a “STRUCTURED MECHANISM”, through a Tripartite Agreement among the company, Government of Andhra Pradesh and State Bank of India – Trustees to the Bond holders, which assures budgetary support, from Government of Andhra Pradesh for servicing the bonds. The payment of interest on outstanding of bonds and repayment of principal amount of bonds are met/paid by the company by way of transfer of funds into the designated No-Lien Account out of the monies transferred by the Government of Andhra Pradesh to the company pursuant to the obligations undertaken by it under the said Tripartite Agreement.

Note No. 2

(A) Outstanding of APPFC Bonds at the end of year under different series as follows:

Sl. No.	APPFC Bonds Series	Amount Outstanding (Rs. In crore) as on		Coupon Rate (%) p.a.	Interest Payable	Tenure in Years	Put/Call Option due at The end of
		31-03-2018	31-03-2017				
1	1/2005	238.70	241.10	8.15	Annual	15	12 th Year
2	1/2010	17.00	17.00	8.49	Semi Annual	10	7 th Year
		451.90	410.00	8.74		12	10 th Year
3	1/2011	2.10	2.10	9.10	Semi Annual	10	7 th Year
		60.00	60.00	9.60		12	10 th Year
4	2/2011	63.60	63.60	9.85	Semi Annual	10	7 th Year
		237.50	237.50	9.97		12	10 th Year
5	1/2012	26.30	26.30	9.50	Semi Annual	10	7 th Year
		100.80	100.80	9.64		12	10 th Year
6	2/2012	404.60	404.60	9.75	Semi Annual	10	7 th Year
7	3/2012	723.30	723.30	9.75	Semi Annual	10	7 th Year

During the year, APPFCL has redeemed Bond Series 1/2005 of Rs.2.40 Crores through Put Option. And there is an increase by Rs.41.90 Crores in Bond Series 1/2010 is as per the finalization given by the expert committee.

(2).

- a) The tax cannot be deducted at source as required under Chapter XVII of the Income Tax Act, 1961, as the bonds are tradable in nature and the ultimate beneficiary cannot be ascertained at the end of the year till the actual payment is made.
- b) The tax due payable by a bondholder cannot be deducted at source as the quantum of interest cannot be determined at the end of the year till the actual payment is made.
- c) The actual interest expenditure to the company in this regard gets reimbursed by the Government of Andhra Pradesh.

(3). Loans to DISCOMS – AP Government and Loans to DISCOMs' Pool Account:

The funds mobilized up to 31-03-2018 from the bonds amounting to Rs.2325.80 crore (Rs.2286.30 crore as at 31-03-2017) have been deployed by way of "Loan to DISCOMs – Govt. of A.P." & DISCOMs Pool Account.

Particulars	As on 31-03-2018	As on 31-03-2017
Non- Current Assets: -Loan to DISCOMs – Govt. of AP	2260.10	2286.30
Other Non Current Assets: -Call Option	65.70	
Total :	2325.80	2286.30
Current Assets: Other Current Assets	NIL	NIL
Total :	2325.80	2286.30

(4). All receivables including the receivables from the DISCOMs – AP Government and DISCOMs' Pool Account are subject to confirmation and reconciliation from the respective parties.

(5) Managerial Remuneration:

Particulars	Managing Director	
	2017-18 Rs.	2016-17 Rs.
Salaries, Allowances	--	--
Contribution to Provident Fund and welfare fund	--	--
Others – Additional Charge allowance to Managing Director	1,78,480.00	2,18,421.00

(6) Contingent Liabilities

Particulars	As at 31.03.2018	As at 31.03.2017
Claims against the company, not acknowledged as the debts (A.Y- 2013-2014)	53,48,730	Nil
Estimated amount of contracts remaining to be executed on Capital account and not provided for	Nil	Nil

- (7) The Corporation is effecting the Interest on the Bonds as per the Decision of the Demerger Proposal, which is 40.46% of the Bonds and in the event of shortage / excess that too, in small proportion payments made to the bond Holders by TPFCL, APPFCL is adjusting the difference in payments for the convenience of the Bond Holders and the difference is claimed from TPFCL.
- (8) Any expenditure of TS Share transferred to TPFCL in accordance to the Population ratio.
- (9) The dispute on sharing of bonds Liability between both the corporations has been finalized by the Expert Committee vide letter No.D.o.Lr No.5614/Expert Committee/2014 dated 15-03-2018 and APPFCL has undertaken a liability of 41.90 crores and the corresponding asset (loan to Government).TSPFCL paid interest on 41.90 crores from 01-06-2014 to 31.03.2017. Since liability of bonds transferred from TSPFCL to APPFCL, APPFCL is liable to pay 10.38 crores to TSPFCL and the same (10.38 crores) is receivable from DISCOMs (Government of AP)
- (10) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, wealth Tax, Sales tax, Customs Duty, Excise Duty, Goods and Service Tax and cess were in arrears as at 31-03- 2018 for a period of more than Six months from the date they become payable. The corporation has filed an appeal in Telangana High court against order of Income tax Appellate Tribunal, Hyderabad Bench "A", Hyderabad in I.T.A No.27/HYD/2016 (for A.Y 12-13) bearing the Income Tax Demand due to Non-Deduction of TDS on interest on application money (Rs.4,93,77,482/-) paid to various organizations and hence the corporation has not provided for the demand in the Accounts on 31/03/2018.The corporation has filed appeal against the order of Income Tax Officer 1(2) for A.Y 2013-14 in CIT (A)-1, Hyderabad on 26.04.2016.
- (11) Previous year figures are re grouped, rearranged or readjusted, where necessary.

For M/s. Deva & Co.,
Chartered Accountants
Firm Regn.No.000722S

For ANDHRA PRADESH POWER FINANCE CORPORATION LTD

Sd/-
Supriya.B
Partner
Membership No.229749
Place: Hyderabad.
Date: 24.07.2018

Sd/-
DINESH PARUCHURI, IRS
Managing Director

Sd/-
K.VIJAYANAND, IAS
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018**

PARTICULARS	For the year ended 31-03-2018	For the year ended 31-03-2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	-2,88,981	
Adjusted For:		
Depreciation & Assets written off	18,890	29,383
Interest Income	<u>(13,52,927)</u>	<u>(14,85,334)</u>
Operating profit before working capital changes	<u>(16,23,018)</u>	<u>(14,55,951)</u>
Adjusted For:		
(Increase)/Decrease in current maturities of Non-Cumulative Bonds	(39,50,00,000)	141,80,00,000
(Increase)/Decrease in Other Receivables from AP Govt	(32,56,99,388)	78,27,350
(Increase)/Decrease in Other Current Assets	20,02,604	93,88,91,300
Increase/(Decrease) in Other Current Liabilities	(20,61,044)	-
Increase/(Decrease) in Trade Payables & Other Liabilities	<u>32,67,83,053</u>	<u>152,86,03,517</u>
(Increase)/Decrease in Net Current Assets	(39,39,74,775)	199,98,84,867
 Net Cash Flow from Operating Activities (A)	 (39,55,97,793)	 199,84,28,916
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Net Fixed Assets		39,000
Interest Received	<u>13,52,927</u>	<u>14,85,334</u>
Net Cash Flow from Investing Activities (B)	<u>13,52,927</u>	<u>14,46,334</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Bonds outstanding	<u>39,50,00,000</u>	<u>141,90,77,000</u>
Net Cash Flow from Financing Activities (C)	<u>39,50,00,000</u>	<u>141,90,77,000</u>
 Net (Decrease)/ Increase in Cash and Cash equivalents (A+B+C)	 7,55,134	 58,08,17,484
Add: Cash and Cash Equivalents at the beginning the year	<u>2,01,09,992</u>	<u>60,09,27,476</u>
Cash and Cash Equivalents at the end of the year	2,08,65,126	2,01,09,992
 Reconciliation of Cash & Cash Equivalents		
Cash in Hand	12,825	12,222
<u>Cash at Bank</u>		
a) In Current Account	8,48,589	95,920
b) In No-Lien Account	3,712	1,850
c) In Deposit Account	<u>2,00,00,000</u>	<u>2,00,00,000</u>
Total Cash & Cash Equivalents at the end of the year	2,08,65,126	2,01,09,992

As per our report of even date

For M/s. Deva & Co.,

Chartered Accountants

Firm Regn.No.000722S

For ANDHRA PRADESH POWER FINANCE CORPORATION LTD

Sd/-
SUPRIYA.B

Partner

Membership No.229749

Sd/-
DINESH PARUCHURI, IRS
Managing DirectorSd/-
K.VIJAYANAND, IAS
Director

Place: Hyderabad.

Date : 24-07-2018