



**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

*FOR THE FINANCIAL YEAR ENDED 31.03.2021*

*[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,

ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

# 48-12-16, 2nd Floor, East wing,

Vidyut Soudha, Gunadala,

Vijayawada, Krishna AP 520004.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ANDHRA PRADESH POWER FINANCE CORPORATION 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 Company'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 opinion, the company has, during the audit period covering the financial year ended on 31.03.2021, 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 ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED ("the Company") for the financial year ended on 31.03.2021 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');
- (iii) The Depositories Act, 1996 and regulations and Bye laws framed thereunder;



(iv) Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992(SEBI 1992):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; Not Applicable
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not Applicable
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable, and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable.
- (i) The Reserve Bank of India Act, 1934 and regulations framed thereunder for Non-Banking Financial Companies.

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:

- 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.



I further report that:


Subject to 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.

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 is subject to the provisions of the AP Re-organisation Act, 2014 in relation to bifurcation of assets and liabilities of APPFCL.

Place: Vijayawada  
Date: 04.03.2021

Signature:   
Name: G Srinivasa Rao  
ACS No. 42720  
CP No. 17949

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,  
ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED  
# 48-12-16, 2nd Floor, East wing,  
Vidyut Soudha, Gunadala,  
Vijayawada, Krishna AP 520004.

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: Vijayawada  
Date: 04.03.2021

Signature:   
Name: G Srinivasa Rao  
ACS No. 42720  
CP No. 17949

