



Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2020

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

To
The Members,
Andhra Pradesh Power Finance Corporation Limited
CIN: U40109AP2000SGC107482
48-12-16, 2nd Floor, East Wing,
Vidyut Soudha, Gunadala, Vijayawada,
Krishna Andhra Pradesh 520004 IN

We 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 referred as the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our 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 **31st March, 2020**, (i.e. from 1st April, 2019 to 31st March, 2020) 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. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of

- A. Companies Act, 2013 (the "Act") and the rules made thereunder.
- B. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- D. 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;
- E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; -Not applicable
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; -Not applicable
 - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; -Not applicable
 - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (vi) 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
 - (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not Applicable, and



(viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not Applicable.

F. 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 following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

II. I further report that:

In our opinion, 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:**

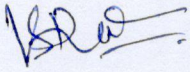
- i) *Non-compliance of Section 96 of the Companies Act, 2013. There is a delay of 135 days in convening Annual General Meeting for the financial year 2019-20.*
- ii) *Non-compliance of Section 173(1) of the Companies Act, 2013. There is a gap of more than 120 days between two consecutive meetings of the Board. The Company has not convened any board meeting during the first quarter of the financial year.*
- iii) *Non-compliance of Section 203 of the Companies Act, 2013. The Company has not appointed Chief Financial Officer (CFO) and Company Secretary (CS) during the period under review. However, the Company has appointed CFO and CS on 07/09/2020 and 23/07/2020 respectively.*
- iv) *Non-compliance of Section 125 of the Companies Act, 2013. There is a delay in transfer of unclaimed principal and interest amount of Rs. 6,45,624/- to Investor Education and Protection Fund.*
- v) *Non-compliance of Section 179(3) of the Companies Act, 2013. The Company has borrowed monies by passing circular resolutions and subsequently ratified in the next board meeting.*



vi) *Delay and non-filing of certain periodical forms with the Registrar of Companies, Andhra Pradesh.*

- IV.** The Board of Directors of the Company is duly constituted. 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.
- V.** I further report that based on the information received and representation provided to us, there are adequate systems and processes in the company that commensurate with the size and operations of the company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.
- VI.** I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards.

For S R Vattikuti & Associates
Company Secretaries



Srinivasa Rao Vattikuti
Proprietor
C. P. No: 13966
UDIN: F010949B001638311



Place: Hyderabad
Date: 24.12.2020

This Report is to be read with our letter of even date which is attached as Annexure –A and forms an integral part of this Report.

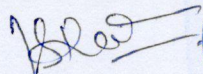
Annexure A

To,
The Members,
ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

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

1. Maintenance of Statutory and other records are the responsibility of the management of the company. Our responsibility is to express an opinion on these records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the records. The verification was done on test basis to ensure that correct facts are reflected in records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and our report is not covering observations/comments/weaknesses already pointed out by the other Auditors.
4. Company was following system of obtaining reports from other departments to ensure compliance with applicable laws, rules, regulations and guidelines.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our 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.

For S R Vattikuti & Associates
Company Secretaries



Srinivasa Rao Vattikuti
Proprietor

C. P. No: 13966

Place: Hyderabad

Date: 24.12.2020

