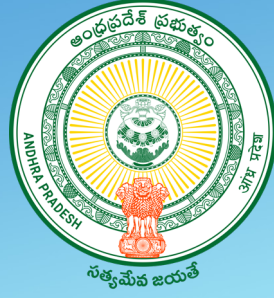




ANDHRA PRADESH POWER FINANCE CORPORATION LTD.

**22nd
ANNUAL
REPORT
2021-22**





Sri Y S Jaganmohan Reddy
Hon'ble Chief Minister.



Sri Peddireddy Ramachandra Reddy
Hon'ble Minister for Energy.



Vision & Mission Statement

Vision

To Lead In Being A Valuable Partner For
Financing Organizations Engaged In Power
And Allied Sectors

Mission

To provide competitive and affordable financial products and services for the enterprises in the power and its allied sectors, having precedence on the reforms in the power sector and to ensure commitment to its stakeholders. APPFCL upholds the interest of its stakeholders by being pellucid of its operations and ensures the profitability and sustainability of its customers at all times.





SUPER SEED POWER **SUPERCEDE GROWTH**

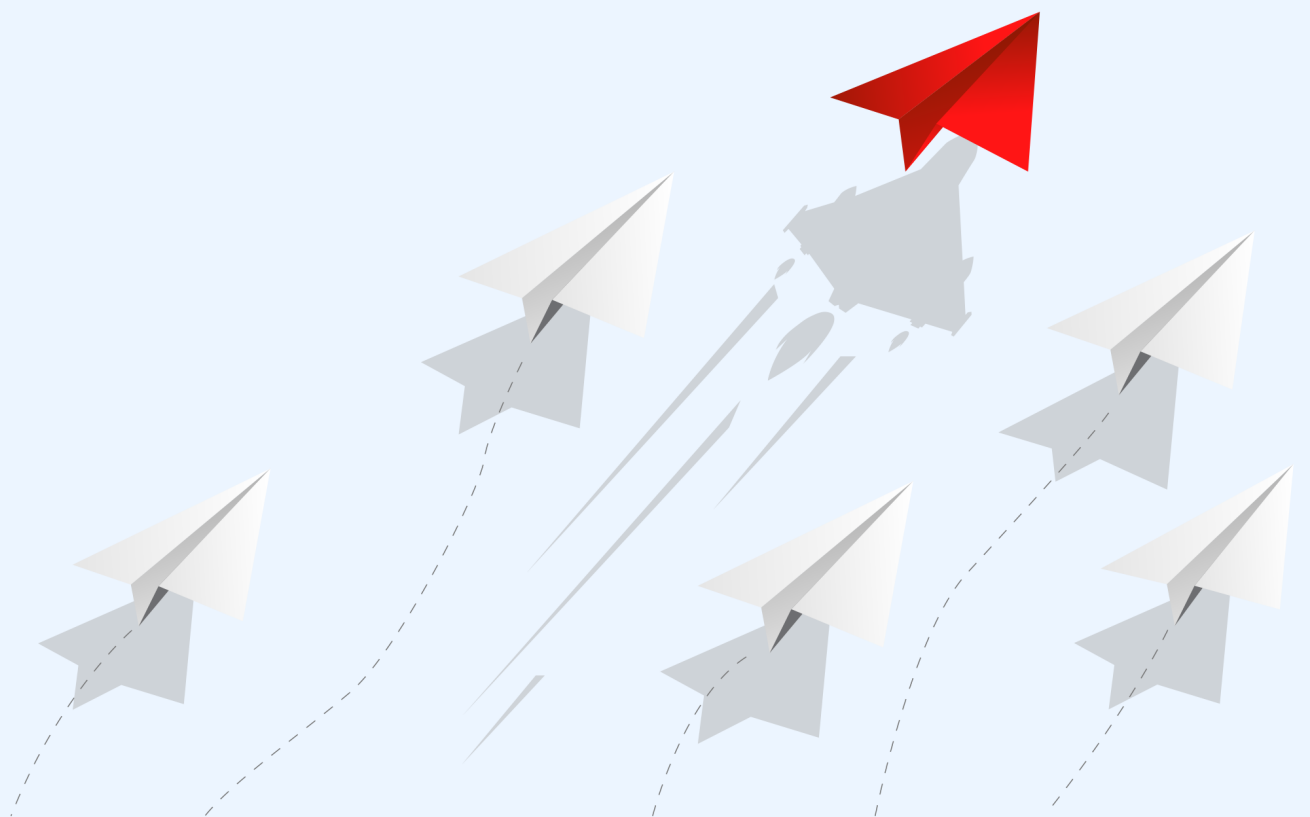


Table of Contents

Section 1

Corporate Overview

01	Board of Directors	13- 16
02	Our Journey	17
03	Company's Initiatives	18 – 23
04	Performance at a Glance	24 – 25
05	Key Performance Indicators	26 – 27
06	Financial Parameters	28

Section 2

Forms & Reports

07	Notice	31 – 32
08	Director's Report	33 – 43
09	Secretarial Audit Report (MR-3)	44 – 47
10	Management Discussion and Analysis Report (MDAR)	48 – 56
11	Annexure to Board's Report	57 – 62
12	Annexure I	63
13	Certificate on Corporate Governance	64

Section 3

Financial Statements

14	Independent Auditor's Report	67 – 86
15	C & AG Audit Report	87 – 91
16	Balance Sheet	92
17	Statement of Profit/Loss	93 – 94
18	Cash Flow Statement	95 – 96
19	Notes to Accounts	97 – 117

Section 4

Financial Statements

20	MGT-11 – Proxy Form	121
21	MGT-12 – Polling Paper	122
22	Attendance Slip	123
23	Route Map	125



Message from the Chairman

On behalf of the entire team at Andhra Pradesh Power Finance Corporation Limited (“APPFCL”), I welcome you all to the 22nd Annual General Meeting of the Company.

It was a staggering performance of APPFCL during the financial year 2021-22, with your Company posting excellent financial performance weathering challenges beyond the control of your Company.

APPFCL believes that a strong and effective Corporate Governance nurtures integrity and accountability thereby improving the overall growth of the Company thus resulting in building confidence in the minds of its stakeholders. Having said so, your Company being a debt listed entity has ensured to adhere to all applicable provisions within its ambit with respect to Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations and RBI regulations. Various Policies and procedures together with the checks and balances are in place and the management of your Company has prioritized and kept the interests of the investors and other stakeholders with the best interest of the Company, by the management in the decision-making process.

We convey our gratitude to all stakeholders including the Commercial Banks, Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Comptroller and Auditor General of India (C & AG), Statutory Auditors, Internal Auditors, Registrar of Companies for their continuous support and guidance. APPFCL looks forward for the continued support in the years to come to scale greater heights.

Thank you.

Shamsher Singh Rawat, IAS
Chairman





Message from the Managing Director

Welcome to the 22nd Annual General Meeting of Andhra Pradesh Power Finance Corporation Limited (“APPFCL”).

I am proud to share that your Company, during the financial year 2021-22 has posted a net profit of Rs. 149.61 Crores as against the net profit for the previous financial year i.e., 36.18 Crores. Net worth of your Company has risen sharply during the financial year under review i.e., Rs. 538 Crores as against Rs. 388 Crores during the financial year 2020-21. Introduction of issuance of Inter-Corporate Deposits (ICDs) in addition to bank term loans and issuance of Non-Convertible Debentures, not just benefitted your Company but also the Companies in the state of Andhra Pradesh operating in Power Sector, ultimately transferring the benefit to the public of the state.

The Asset under Management (AUM) during the financial year 2021-22 has also seen a steadfast growth with a total of Rs. 18,539 Crores as at 31st March 2022 resulting in significant increase of total revenue during the financial year i.e., 23.37% when compared to the financial year 2020-21. APPFCL has maintained required Capital Adequacy Ratio (CRAR) i.e., 15% as at financial year ended 31st March 2022.

I thank my entire team for their consistent efforts and zeal without which your Company couldn't have achieved this feat. I am grateful to all the shareholders, bondholders, debenture holders, Deposit holders and all the stakeholders for having reposed confidence in the management of the Company during the financial year 2021-22.

Dr. K V V Satyanarayana, IRAS
Managing Director



Corporate Overview

Section 1



Board of Directors

The Board members of APPFCL as at 31st March 2022 are:

1. **Sri Shamsheer Singh Rawat, IAS** – Chairman and Director (DIN: 06927486) – Special Chief Secretary, Finance Department
2. **Dr. KVV Satyanarayana, IRAS** – Managing Director (DIN: 08076027) - Secretary, Finance Department
3. **Sri B Sreedhar, IAS** – Director/APPFCL (DIN: 02591298), MD/AP Genco
4. **Sri VN Babu, CMA and CS** – Director/APPFCL (DIN: 08772842), Director (Finance) / APSPDCL
5. **Smt. T. Vanaja** – Director (DIN: 08452129)

Smt. S. Nagalakshmi, IAS was transferred by way of GO Rt No. 296 dated 16th February 2021 and was relieved as Director of the Company by appointment of **Smt. T Vanaja** vide GO Rt No. 137 dated 12th October 2021. **Sri. Srikant Nagulapalli, IAS** was relieved from the services of the Government of Andhra Pradesh vide GO Rt No. 389 dated 03rd March 2022.

The directors of the Company are Senior Government Employees holding important designations in the Government of Andhra Pradesh.

Senior Management

The Organizational structure of the Company was revamped by the Management of the Company in the 173rd meeting of the Board of Directors of the Company held on 21st October 2021.

The results of the Company's operations has been upscaling and the management decided to appoint professionals and/or provided further responsibility to the existing employees of the Company. Accordingly,

1. **Sri. M V S N Murthy** - Retired Banker and Chief Financial Officer of Andhra Pradesh State Financial Services Corporation Limited (APSFSCCL) has been appointed as Chief Risk Officer of the Company, during the financial year 2021-22.
2. **Smt. V. Abhinaya** - Company Secretary of the Company was appointed as the Chief Grievance Officer of the Company, for the financial year 2021-22.



Board of Directors



Sri. Shamsheer Singh Rawat, IAS
Special Chief Secretary, Finance Dept.
Chairman and Director
DIN: 06927486

Sri Shamsheer Singh Rawat is a 1992 batch officer of the Indian Administrative Service of Andhra Pradesh cadre. Mr. S.S. Rawat has held several leadership roles during his illustrious administrative career spanning three decades, covering vast field experience, coupled with policy making and implementation responsibilities by serving as Secretary to Government through various important portfolios. Presently, he is serving as Special Chief Secretary to Government, Finance Department. Previously he has led important departments such as Industries, Social Welfare, Rural Development. Mr. S.S. Rawat has also served in the Chief Minister's Office as Special Secretary to Chief Minister. His rich administrative experience also includes working as VC&MD of Civil Supplies Corporation, and as director on the boards of several public sector undertakings. He was District Collector and District Magistrate of Chittoor district and the Joint Collector Nellore district.

As Special Chief Secretary, Finance Department, Mr. S.S. Rawat has been instrumental in wide scale adoption of information technology solutions in public finance management in order to enhance transparency and credibility of governance.



Dr. K V V Satyanarayana, IRAS
Secretary, Finance Dept.
Managing Director
DIN: 08076027

Dr. K.V.V Satyanarayana, IRAS, is the Managing Director of APPFCL since September 2019. He is also the Secretary Budget & Institutional Finance for the State of Andhra Pradesh and the Secretary Expenditure for certain departments since June 2017. He is one of the Board of Directors in various companies like APGENCO, APTRANSCO, APSPDCL, APIIC, APMDC etc., four Regional Rural Banks and several universities.

A Doctorate in Genetics from IARI, started his career in September 1997 as a Scientist (IARS) and played crucial role in exploration and preservation of wild and endangered plant species germplasm during his one year service in Indian Council of Agricultural Research (ICAR). Subsequently, he joined Indian Railway Accounts Service (IRAS) in September 1998 and served Indian Railways in various capacities for about 19 years. He is working in the Government of Andhra Pradesh on deputation since June 2017.



During the last two and half decades he handled diverse roles in Public Finance Management, Human Resource Management and Project Management etc. Through his extensive experience in resource mobilisation & financial closure, massive public procurements, project appraisal and contract management techniques with special focus on innovations, automation, expenditure optimization, revenue augmentation, systems review & audit, right sizing of manpower and modernisation etc., contributed for providing citizen centric premium quality public services. He also served as a resource faculty on these subjects.

His wealth of knowledge accumulated through trainings at various prestigious institutions like LBSNAA, NIFM, NAIR, NAARM, Harvard Kennedy School, Cambridge; INSEAD, Singapore; ICLIF, Kuala Lumpur, Beijing Jiaotong University, China; European Business School, London; European Business School, Paris and “Advanced Management Programme on Public Policy” from Indian School of Business (ISB) etc., helped in framing and implementing various policies in Public Finance Management.

His exceptional excellence in academic and professional life enriched with hard work, integrity with notable team work achievements resulted in receiving several accolades and awards including National Award for Outstanding Service.



Sri. B. Sreedhar, IAS

Director, APPFCL, MD, AP Genco
DIN: 02591298

B. Sreedhar was appointed the Director on the board with effect from July 21, 2019.

He has a Bachelor's and Master's Degree in Engineering (Electronics and Telecommunications) and worked in ITS Department of Telecommunication, Government of India for six years from 1988 to 1994. Later joined in state service Government of Andhra Pradesh and worked as RDO, PD DRDA, CEO – ZP in various districts. During this he had rich experience in Revenue Administration, Rural Development and contributed a lot for weaker sections and women SHGs. After elevation to IAS he served as Joint Collector, Commissioner GVMC, Vice Chairman – VUDA. He successfully completed his tenure as District Collector in Nellore and Rangareddy Districts. After state bifurcation he worked as Secretary (IT), MD – APIIC, Secretary (Mines) and introduced many reforms for transparency in Administration. For the last three years he is successfully managing the APGENCO with lot of challenges in Power Sector.





Sri V N Babu
Director, APPFCL, CMA and CS
Director (Finance)/APSPDCL
DIN: 08772842

Sri V.N. BABU is Professionally Qualified, Cost Accountant and Company Secretary and having membership with the following Institutes.

- i. Institute of Cost Management Accountant (ICMA) of India.
- ii. Institute of Company Secretaries of India
- iii. Chartered Institute of Public Finance and Accountancy (UK).

Sri V.N. Babu has started his carrier with GAIL (India) Ltd, a Central PSU under the Ministry of Petrol and Natural Gas, Government of India. During the tenure in GAIL he worked in various capacities in Financial Accounts Division from 1991 to 2008.

Subsequently, he joined in HLL Life care Limited, a CPSU under Ministry of Health & Family Welfare, Government of India. During his tenure in HLL worked as Vice – President / Project Finance, CFO of HLL Biotech Limited from 2008 to 2012.

Then he joined NLC India Limited (Formerly Neyveli Lignite Corporation Limited), a CPSU under Ministry of Coal, Government of India. During his tenure in NLC he worked as CFO of NLC Tamilnadu Power Limited, and also as GM / CGM & Executive Director (Finance) in NLC India Limited.

Presently he is working as Director (Finance) / CFO in APSPDCL since 11.05.2020.



Smt. T. Vanaja
Director
DIN: 08452129

Smt T Vanaja is a qualified engineer and has done Masters in Business Administration and joined the services if kothagudem thermal Power Station, Palonda as Assistant Engineer on the 31st day of August 1984.



Road Map



About the Company

Preface:

Andhra Pradesh Power Finance Corporation limited (APPFCL) was established as a Government Company vide G.O.Ms. No. 54 Energy (Power-III) dated 19-05-2000 under the Companies Act, 1956 (CIN: U40109AP2000SGC107482) and commenced business on 13th July, 2000 with 100% ownership by the Government of Andhra Pradesh. APPFCL is also registered with Reserve Bank of India (RBI) as Non-Banking Finance Company (NBFC) – NDSI (Non-Deposit Taking Systematically Important) Company with effect from 25th August, 2000.

The Company being a NBFC is engaged in the business of acquiring shares/debentures from the public/Govt. Companies or trusts, availing Loans from Scheduled Commercial Banks and accepting Inter Corporate Deposits from other Government Corporations for onward lending to Power Generating Companies and Power Distribution companies owned by Govt. of Andhra Pradesh to cater to their infrastructure and working capital needs.

As at 31st March, 2022, The Company has an Authorised Share Capital of Rs. 30,00,00,00,000 (Rupees Three Thousand Crores) and Paid up Share Capital of Rs. 3,48,37,40,100 (Rupees Three Forty-Eight Crores Thirty Seven Lakhs Forty Thousand and Hundred)

Quick Glance:

Andhra Pradesh Power Finance Corporation Limited
Incorporated under Companies Act, 1956 on the 12th July 2000
Commenced business on 13th July, 2000
100% ownership by the Government of Andhra Pradesh
Registered with RBI as NDSI - NBFC
Falls under Middle Layer of RBI's Scale Based Regulation (SBR)
Registered and Corporate Office - No. 48-12-16, 2nd Floor, East wing, Vidyut Soudha, Gunadala, Vijayawada - 520004 Andhra Pradesh
Authorized Share Capital is Rs. 3000 Crores and Paid-up Share Capital is Rs. 348.37 Crores as at 31st March 2022.

Operational Highlights during the year 2021-22

- **Inter Corporate Deposits:** APPFCL, with a view to assist in building the infrastructure facilities for the power sector in the State of Andhra Pradesh decided to accept the surplus and temporary funds of other Government Companies in the form of "Inter Corporate Deposits" in addition to the term loans availed from banks and issuance of NCDs. The Board of the Company decided to offer ICD's with a minimum deposit of Rs. 1,00,000/-, minimum tenor of 1 year and maximum tenor of 10 years and above at an Interest rate more than the rates offered by the nationalised banks and it varies from 5.75% to 8% based on the tenor.

As at 31st March 2022, the Company accepted Inter Corporate Deposits to the tune of Rs. 1861 Crores i.e., Rs. 1076 Crores added during FY 2021-22 to a total amount of Rs. 785 Crores as at 31st March 2021.

- **Asset under Management (AUM):** The Assets under Management represents the loans and advances given to Power Generating Companies and Power Distribution Companies owned by Govt. of Andhra Pradesh in order to cater their financial need in infrastructure and working capital requirements. The Assets under Management (AUM) of the Company increased by around 1.4 times in the year 2020-21. The AUM as on March 31, 2022 is Rs. 18539.14 Crores and has seen a growth of Rs. 2101.38 Crores from Rs. 16,487.77 Crores as on 31st March, 2021.
- **Loan Book:** The loan books are represented by debt securities, bank loans and ICDs. The Company has availed new term loans from Bank of Baroda amounting to Rs. 750 Cr and from and Indian Overseas Bank to the tune of Rs. 500 Cr. The Company has accepted Inter Corporate Deposits amounting to Rs. 1076 Cr during the year and has redeemed the Bonds, repaid part of the loan to State Bank of India and Bank of India to the extent of Rs. 397.44 Crores. and thereby increasing the loan books of the Company to Rs. 17871.99 Crores during the Financial year as against Rs. 15932.88 Crores during FY 2020-21.



- **Income:** The total income of the Company has increased significantly during FY 2021-22. The main reason stems from the fact that there has been a significant growth in the AUM. The major source of income is from the interest collected on loans provided to the Customers, which has grown from Rs. 1276.93 Cr in the FY 2020-21-20 to Rs. 1577.86 .Cr in the FY 2021-22. Receipts from Govt of Andhra Pradesh are utilized for meeting the interest and instalment repayments of Debentures/Bonds issued by the Company prior to bifurcation of the state of Andhra Pradesh. The Company also earned a meagre amount of interest on bank deposits where the surplus funds were invested.
- **Profits:** The net profit of the Company as at 31st March 2022 rose to Rs. 149.06 Crores as against the net profit as at 31st March 2021 i.e., Rs. 36.18 Cr, an ammoth increase in the profits by around 4 times in the year 2021-22. The increase in Profits is due to the reduction in interest rates on borrowings, which was achieved through negotiations with the banks. It is noteworthy that the net profit of Rs. 149.06 Cr was achieved after passing on the benefit of interest rate reduction to Company's borrowing entities viz. APSPDCL, APEPDCL, APGENCO and APPDCL.
- **Policies of the Company:** In line with the Company's objective towards increasing stakeholder's value, the Company has framed various policies.
 - » **Risk Management Policy:** The Risk Management Policy was drafted as per RBI Master Guidance and Circular DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016. Risk Management Policy has been prepared in a way that the framework/clauses of the policy would attempt to identify the key events / risks impacting the objectives of the Company and also an attempt to implement relevant risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.
 - » **Asset Liability Management Policy (ALM):** The ALM policy was drafted as per RBI Master Guidance and Circular DBOD No. BP. BC. 94/ 21. 04. 098/ 98. Asset and liability management (ALM) is a practice to mitigate financial risks resulting from a mismatch of assets and liabilities by strategically matching assets and liabilities. This helps the Company to achieve greater efficiency and profitability while also reducing the unseen risks and concerns that the Company may face at any time. Some of the most common risks faced by APPFCL and addressed by ALM are interest rate risk and liquidity risk.
 - » **Loan Policy:** The Loan Policy was drafted as per RBI Master Guidance and Circular DBR.No.Dir.BC.10/13.03.00/2015-16. This policy document on Loans & Advances outlines the guiding principles in respect of formulation of various products offered by APPFCL, the terms and conditions governing the conduct of account, the delegated power to the committee/officials and other terms & conditions applicable to such loans. It is expected that this policy will impart greater transparency in dealing with individual customers and create awareness among customers.
 - » **Grievance Redressal Policy:** The Grievance Redressal Policy was drafted as per RBI Master Guidance and Circular DBOD. No. Leg BC.81/09.07.005/2007-08. The purpose of the policy is to ensure "zero complaints" against the Company with regard to non-payment or delay in interest/principal payments with regard to debentures, failure to ensure transparency in loan agreement, terms and conditions of loan and Fair Practices Code not followed.



- **Fair Practices Code:** The Fair Practices Code was drafted as per RBI Master Guidance and Circular DNBR (PD) CC.No.054/03.10.119/2015-16. The Board approved the policy in its 173rd Meeting held on 21st day of October, 2021. It is to be noted that the main business activity of the Company and being an NBFC is to extend loans and in the process of attracting more number of borrowers, there could be instances where the Company may resort to practices that gives undue advantage and can infringe on the benefits of the borrower. In order to protect the rights of the borrowers, present or future and to provide transparency and clarity to the borrowers with regard to the transactions carried out with the Company, the “Fair Practices Code” policy was drafted and approved by the Management of the Company.

Credit Rating:

The ratings for the Bonds issued (details as provided earlier) by APPFCL are provided by CRISIL Limited and ICRA Limited during the financial year 2021-22 and was reviewed by CRISIL Limited on August 25, 2022 and by ICRA Limited on February 06, 2023 for the financial year 2022-23.

The ratings for the Bank term loans of the Company were provided by Brickwork Ratings India Private Limited during the financial year 2021-22. Accordingly, Brickwork has carried out ‘Mid Term Review’ on the Company and has given their rating. The ratings were valid for 12 months from the date of Mid Term Review i.e., from 27th October, 2021 and valid until 26th October 2022.

However, pursuant to SEBI Order dated October 06, 2022, the certificate of registration of Brickwork Ratings India Private Limited was cancelled and APPFCL has now entered into an agreement with India Ratings and Research for the ratings on the bank term loans of the Company.

During the financial year 2021-22, the Rating Agencies reaffirmed/issued ratings to the Company as under:

Name of the Credit Rating Agency	Amount (in Crores)	Rating
CRISIL LTD	3,862.9	CRISIL D (REAFFIRMED)
ICRA LIMITED	4,053.3	ICRA D (REAFFIRMED)
BRICKWORK RATINGS INDIA PVT. LTD.	9,741.33	BWR A (CE) STABLE

Brickwork – Rating Agency

Brickwork has given ratings for the following Bank Loans for the financial year 2021-22.

Sl. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs)	Short Term (Rs. Crs)	Total (Rs.Crs)
01	State Bank of India	Term Loan	1,500	-	1,500
02	Union Bank of India (Andhra Bank)	Term Loan	1,500	-	1,500
03	Canara Bank	Term Loan	2,000	-	2,000
04	Bank of India	Term Loan	3,000	-	3,000
05	Bank of Baroda	Term Loan	750	-	750
06	Indian Overseas Bank	Term Loan	500	-	500
TOTAL SANCTIONED					9250
TOTAL PROPOSED					491.33
TOTAL AMOUNT RATED					9741.33



CRISIL – Rating Agency

CRISIL is a leading, agile and innovative global analytics Company driven by its mission of making markets function better. CRISIL Ltd has given rating to the following Debentures on August 25, 2022:

CRISIL						
ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs. In Crore)	Rating
INE847E08CY9	Bond Series I/2005	30-Mar-2005	8.15%	29-Mar-2020	597.20	CRISIL D
INE847E08CZ6		04-Apr-2005		03-Apr-2020		CRISIL D
INE847E09011	Bond Series I/2010	15-Nov-2010	8.49%	15-Nov-2020	1053.30	CRISIL D
INE847E09029		15-Nov-2010	8.74%	15-Nov-2022		CRISIL D
INE847E08DK6	Bond Series I & II/2011	15-Dec-2011	9.60%	15-Dec-2023	898.30	CRISIL D
INE847E08DJ8			9.10%	15-Dec-2021		CRISIL D
INE847E08DL4		30-Jan-2012	9.85%	30-Jan-2022		CRISIL D
INE847E08DM2			9.97%	30-Jan-2024		CRISIL D
INE847E08DN0	Bond Series I/2012	08-Jun-2012	9.50%	08-Jun-2022	314.10	CRISIL D
INE847E08DO8			9.64%	08-Jun-2024		CRISIL D
INE847E08DP5	Bond Series II/2012	18-Jul-2012	9.75%	18-Jun-2022	1000.00	CRISIL D

ICRA – Rating Agency

ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) was set up in 1991 by leading financial/investment institutions, commercial banks and financial services Companies as an independent and professional investment Information and Credit Rating Agency.

ICRA						
ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE847E09011	NCD programme	Nov 15, 2010	8.49%	Nov 15, 2020	42.0	[ICRA]D
INE847E09029	NCD programme	Nov 15, 2010	8.74%	Nov 15, 2022	1,011.3	[ICRA]D
INE847E08DK6	NCD programme	Dec 15, 2011	9.60%	Dec 15, 2023	149.2	[ICRA]D
INE847E08DJ8	NCD programme	Dec 15, 2011	9.10%	Dec 15, 2021	5.0	[ICRA]D
INE847E08DM2	NCD programme	Jan 30, 2012	9.97%	Jan 30, 2024	586.9	[ICRA]D
INE847E08DL4	NCD programme	Jan 30, 2012	9.85%	Jan 30, 2022	157.2	[ICRA]D
INE847E08DO8	NCD programme	Jun 08, 2012	9.64%	Jun 08, 2024	249.4	[ICRA]D
INE847E08DN0	NCD programme	Jun 08, 2012	9.50%	Jun 08, 2022	64.7	[ICRA]D
INE847E08DQ3	NCD programme	Nov 09, 2012	9.75%	Nov 09, 2022	1,787.6	[ICRA]D



Issue Of Debentures

Andhra Pradesh Power Finance Corporation Limited (APPFCL), prior to the “Demerger” or “Reconstitution of the state of A.P” had issued Debentures and the same were listed on the Stock Exchange. Consequent to the reorganization of the state of Andhra Pradesh, both successor states have paid the Principal & Interest amounts, in the ratio as per G.O Ms.No.28 i.e., 59.54% (TS): 40.46% (AP).

Debt Securities	Outstanding 31st March 2021	Addition during the FY 2020-21	Redemption during the FY 2020-21	Outstanding 31st March 2020
1/2010 Bonds Issue 17th Series	3,68,30,00,000	-	58,70,00,000	4,27,00,00,000
1/2011 Bonds Issue 18th Series	62,10,00,000	-	-	62,10,00,000
2/2011 Bonds Issue 19th Series	3,01,00,00,000	-	-	3,01,00,00,000
1/2012 Bonds Issue 20th Series	1,27,10,00,000	-	-	1,27,10,00,000
2/2012 Bonds Issue 21st Series	4,04,60,00,000	-	-	4,04,60,00,000
3/2012 Bonds Issue 22nd Series	7,23,30,00,000	-	-	7,23,30,00,000
1/2019 Bonds Issue	-	-	40,00,00,00,000	40,00,00,00,000
1/2020 Bonds Issue 23rd Series	17,89,70,00,000	17,89,70,00,000	-	-
2/2020 Bonds Issue 24th Series	20,00,00,00,000	20,00,00,00,000	-	-
3/2020 Bonds Issue 25th Series	2,51,90,00,000	2,51,90,00,000	-	-
4/2020 Bonds Issue 26th Series	3,83,00,00,000	3,83,00,00,000	-	-
Total	64,11,00,00,000	44,24,60,00,000	40,58,70,00,000	60,45,10,00,000

The Company has complied with the provisions and regulations as per the Companies Act, 2013 and SEBI Listing and Disclosure Requirement (LODR), Requirements from time to time.

The Company follows the necessary compliances and updates with required filings with the official website of **SEBI** – <https://neaps.nseindia.com>



The following table depicts the outstanding debentures as on 31st March, 2022:

							(Rs. In Crores)
Series	YEAR	LOAN AMOUNT	Allotment dates	TENURE	REPAYMENT DATE & YEAR	PRINCIPAL Outstanding	RATE OF INTEREST
1/2010	2010	410.00	15.11.2010	12	15.11.2022	368.30	8.74
	TOTAL	410.00				368.30	
1/2011	2011	60.00	15.12.2011	12	15.12.2023	58.80	9.60
	TOTAL	60.00				58.80	
2/2011	2011	237.50	30.01.2012	12	30.01.2024	197.00	9.97
	TOTAL	237.50				197.00	
1/2012	2012	26.30	08.06.2012	10	08.06.2022	26.30	9.50
		100.80	08.06.2012	12	08.06.2024	100.80	9.64
	TOTAL	127.10				127.10	
2/2012	2012	404.60	18.07.2012	10	18.07.2022	404.60	9.75
	TOTAL	404.60				404.60	
3/2012	2012	723.30	09.11.2012	10	09.11.2022	723.30	9.75
	TOTAL	723.30				723.30	
FY 2021-22 Outstanding Bifurcated Bonds						1879.10	
1/2020	2020	1789.70	20.04.2020	10	20.04.2030	1640.56	8.20
2/2020	2020	2000.00	29.07.2020	8	29.04.2028	2000.00	8.20
3/2020	2020	251.90	12.08.2020	8	12.05.2028	251.90	8.20
4/2020	2020	383.00	18.11.2020	8	18.08.2028	383.00	7.50
GRAND TOTAL		6387.10				4275.46	
OUTSTANDING APPFCL BONDS 2021-22						6154.56	

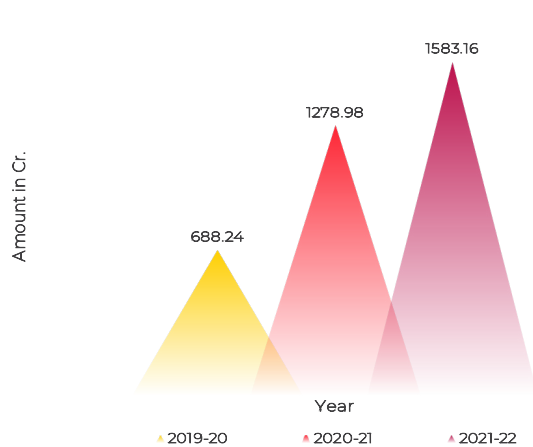
There are bonds of APPFCL rated by both ICRA and CRISIL Rating Agency. The following table depicts the bonds rated by both ICRA and CRISIL:

ICRA & CRISIL						
ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE847E09011	NCD programme	Nov 15, 2010	8.49%	Nov 15, 2020	42	D
INE847E09029	NCD programme	Nov 15, 2010	8.74%	Nov 15, 2022	1,011.30	D
INE847E08DK6	NCD programme	Dec 15, 2011	9.60%	Dec 15, 2023	149.2	D
INE847E08DJ8	NCD programme	Dec 15, 2011	9.10%	Dec 15, 2021	5	D
INE847E08DM2	NCD programme	Jan 30, 2012	9.97%	Jan 30, 2024	586.9	D
INE847E08DL4	NCD programme	Jan 30, 2012	9.85%	Jan 30, 2022	157.2	D
INE847E08DO8	NCD programme	Jun 08, 2012	9.64%	Jun 08, 2024	249.4	D
INE847E08DN0	NCD programme	Jun 08, 2012	9.50%	Jun 08, 2022	64.7	D

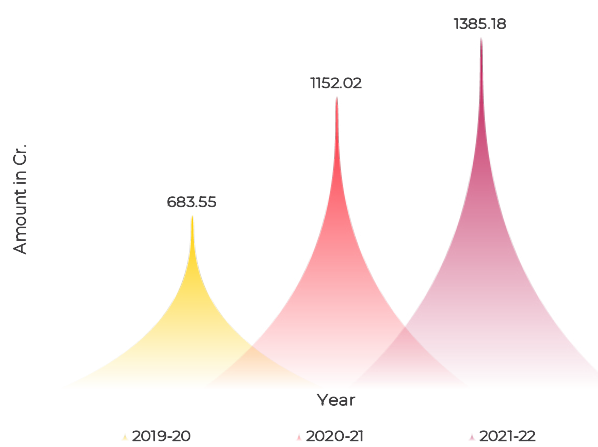


Performance at a Glance

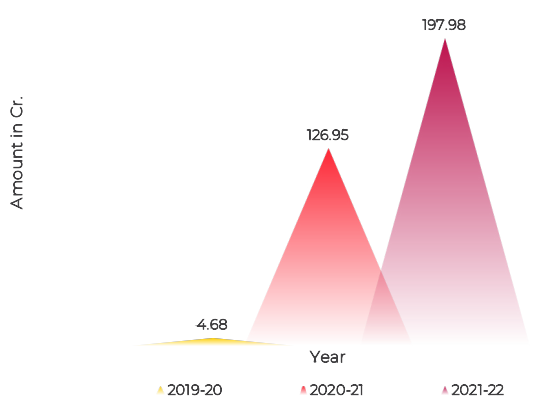
Total Revenue



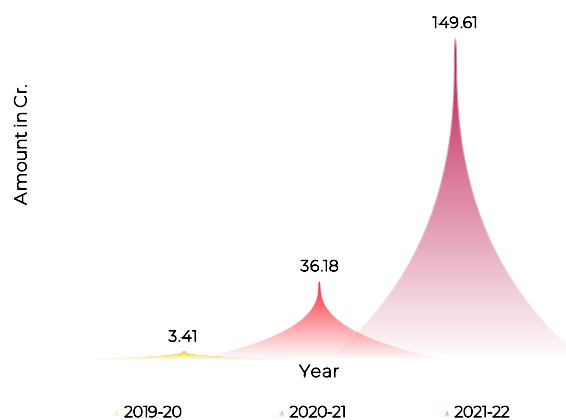
Total Expense



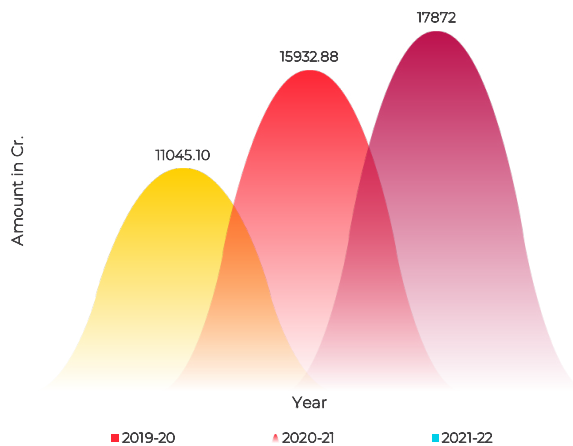
Profit Before Tax



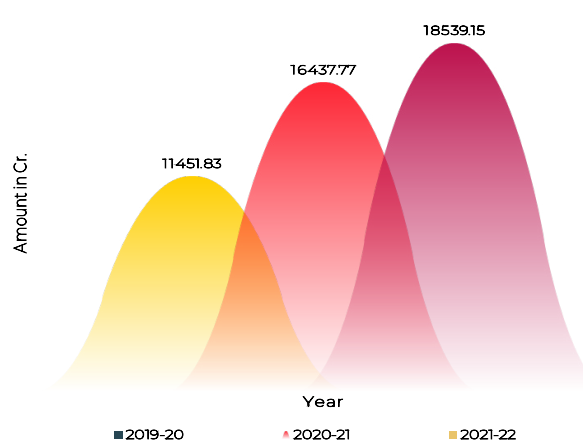
Profit After Tax



Loan Book

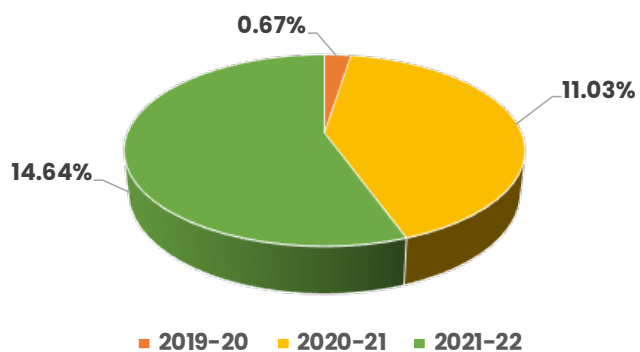


Asset Under Management

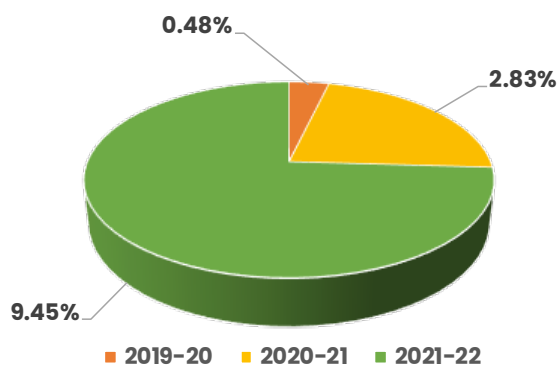


Key Financial Ratios

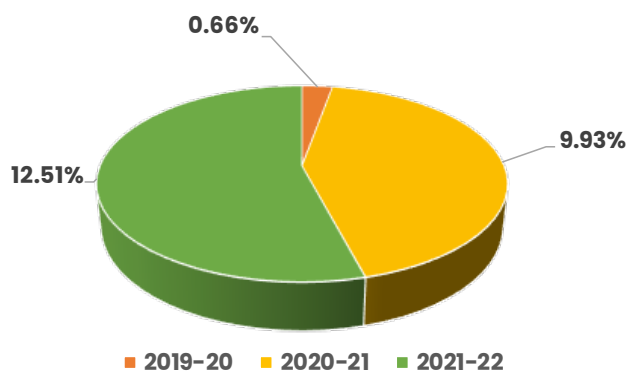
Interest Coverage Ratio



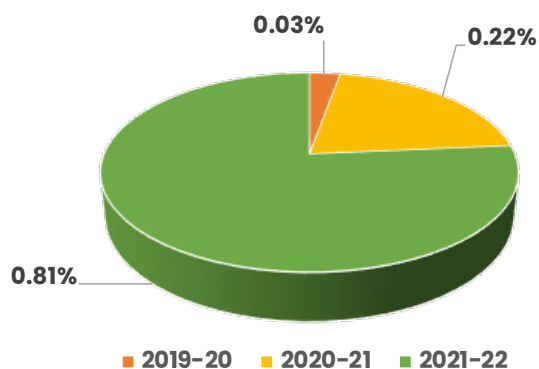
Net Profit Margin



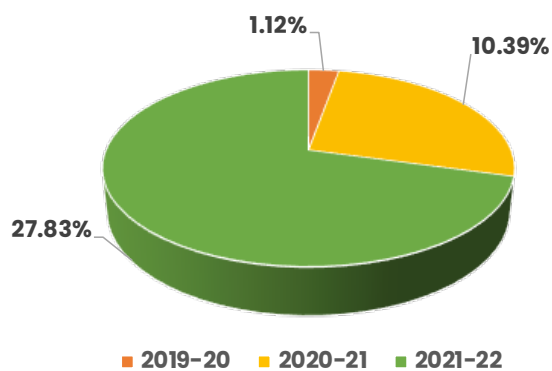
Gross Profit Margin



Return on Assets (ROA)



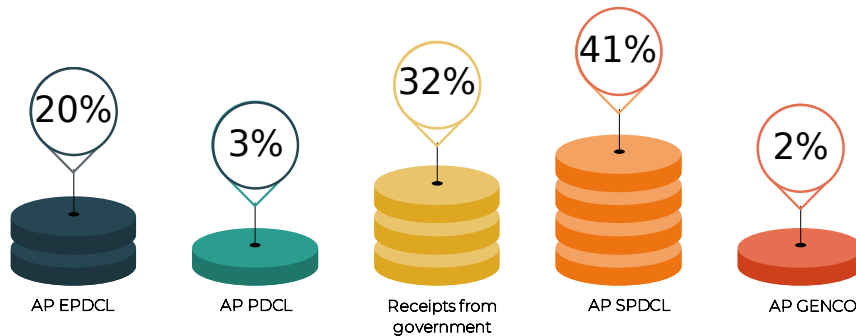
Return on Equity (ROE)



Key Performance Indicators

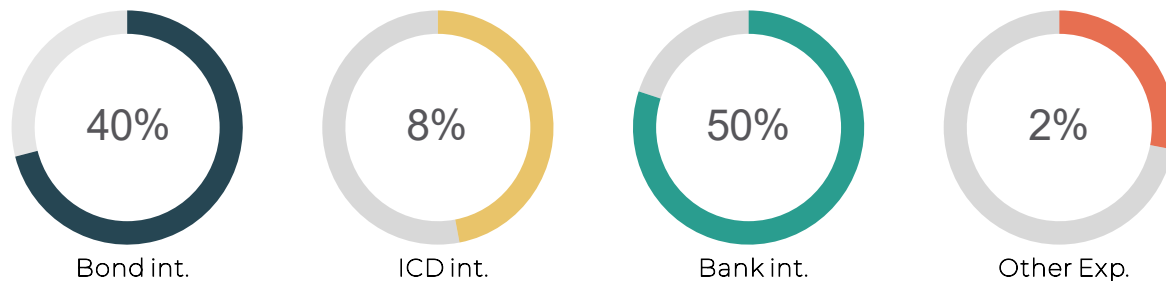
Income/Revenue for the FY 2021-22

Your Company has earned Total Revenue of Rs. 1,583 Cr during the Financial Year 2021-22. Out of the total amount of Rs. 1,583 Cr, your Company has earned an income of Rs. 651 Cr from APSPDCL, Rs. 323 Cr from APEPDCL, Rs. 55 Cr from APPDCL, Rs. 37 Cr from APGENCO and Rs. 512 Cr from the Government of Andhra Pradesh. The split up of revenue earned by your Company, represented as percentage (%) is given in the graph below



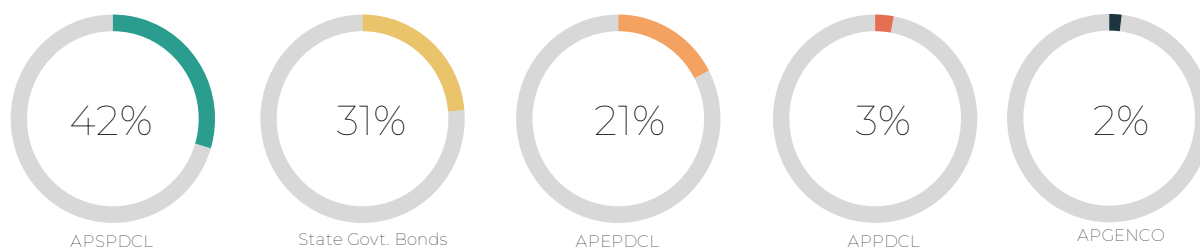
Expenses for the FY 2021-22

Your Company has incurred an Expense of Rs. 1,385.18 Cr during the Financial Year 2021-22. Out of the total amount of Rs. 1,385.18 Cr, Finance Cost constituted 98% of the total expenses and the Other Expenses constituted only 2% of the total expenses. Finance Cost includes Interest paid on Debentures, ICD holders and Bank Term Loans. Interest paid to Debenture holders constitute 40% i.e., Rs. 544.05 Cr, ICD holders constitute 8% i.e., Rs. 113.70 Cr, Bank Interest constitutes 52% i.e., Rs. 694.37 Cr of the total expense. The split up of the expenses incurred by your Company, represented as percentage (%) is given in the graph below



Loans & Advances for the FY 2021-22

The Assets Under Management of your Company is represented by the Loans advanced to the Power utility Companies. Your Company has advanced Rs. 7,747 Cr to APSPDCL, Rs. 3,851 Cr to APEPDCL, Rs. 412 Cr to APGENCO, Re. 610 Cr to APPDCL and Rs. 5729.95 to SPDCL & EPDCL before the bifurcation of the State of Andhra Pradesh. The loans & advances given to the customers as represented in percentage (%) are given in the graph below

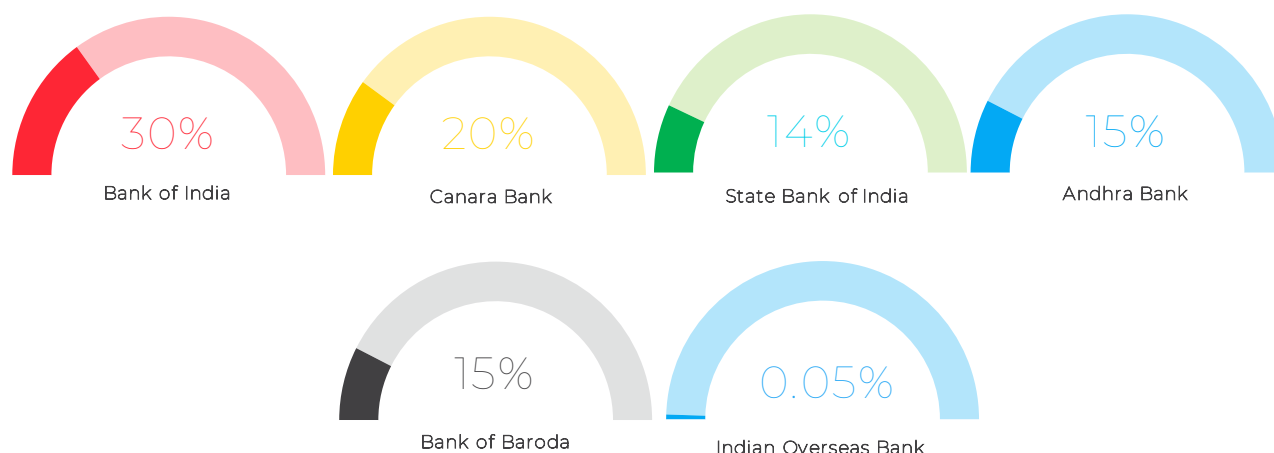


Outstanding Debt Securities for the FY 2021-22

The Debentures issued by your Company consists of Listed and Unlisted Non-Convertible Debentures issued prior and subsequent to the bifurcation of the State of Andhra Pradesh. The list of Debentures with their ISIN and closing balances are given in page no.23 The Outstanding debt securities as on 31st March, 2022 are given in the graph below.

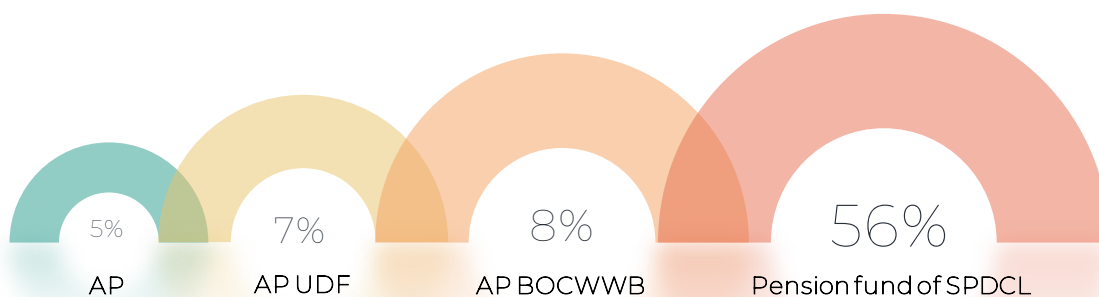
Term Loans from Banks for the FY 2021-22

Your Company has availed new term loans from Bank of Baroda amounting to Rs. 750 Cr and Indian Overseas Bank amounting to Rs. 500 Cr during the year under review. The total outstanding loans as at 31st March 2022 as a percentage (%) is represented in the graph below



Inter Corporate Deposits (ICDs) for the FY 2021-22

Your Company has accepted Rs. 1076 Cr during the Financial Year 2021-22. The ICDs accepted from APEPDCL Pension & Gratuity Trust Rs.220 Cr, from AP Solar Power Corporation Rs. 453 Cr, and from AP SPDCL Pension & Gratuity Trust Rs. 403 Cr .The total outstanding ICDs i.e., Rs. 1861 Cr as at 31st March 2022 represented in percentage (%) are given in the graph below



Financial Parameters

Particulars	Rs In (Crores)			
	As on 31.03.2022 (As per Ind AS)	As on 31.03.2021 (As per Ind AS)	As on 31.03.2020 (As per Ind AS)	As on 31.03.2019 (As per Ind AS)
ASSETS				
Financial Assets				
Cash and cash equivalents	-	-	-	0.00
Bank Balance other than above	11.34	31.36	256.00	30.76
Derivative financial instruments	-	-	-	-
Receivables				
(I) Trade Receivables	215.92	149.53	142.99	51.48
(II) Other Receivables		-	0.13	-
Loans	18276.40	16,238.23	11,052.60	2,325.70
Non-financial Assets				
Inventories	-	-	-	-
Current tax assets (Net)	35.46	18.65	0.13	0.15
Deferred tax Assets (Net)		-	-	0.00
Property, Plant and Equipment	0.02	0.00	0.00	0.00
Total Assets	18539.15	16,437.77	11,451.84	2,408.09
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Payables				
(I) Trade Payables	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	95.70	65.10
Debt Securities	6154.56	6,411.00	6,045.10	2,325.70
Borrowings (Other than Debt Securities)	11717.44	9,521.88	5,000.00	-
Non-Financial Liabilities				
Current tax liabilities (Net)	40.53	26.04	1.27	0.01
Provisions		-	0.04	0.03
Deferred tax liabilities (Net)	0.00	0.02	-	-
Other non-financial liabilities (to be specified)	89.04	90.86	0.33	0.32
EQUITY				
Equity Share capital	348.37	348.37	305.97	16.91
Other Equity	189.21	39.60	3.43	0.01
Total Liabilities and Equity	18539.15	16,437.77	11,451.84	2,408.09



Forms & Reports

Section 2

Shorter Notice

Shorter Notice is hereby given that the 22nd Annual General Meeting (AGM) of the Members of Andhra Pradesh Power Finance Corporation Limited will be held on **Friday, the 31st day of March 2023 at 03:00 pm at the Chamber of Special Chief Secretary, Finance Department, 01st Floor, Block – 1, Secretariat, Velagapudi** to transact the following business.

ORDINARY BUSINESS:

TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS(S), THE FOLLOWING RESOLUTIONS AS ORDINARY RESOLUTION

1. **To receive, consider and adopt the Audited Balance Sheet as at 31st March 2022, 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, Secretarial Auditor's Report and Comments of Comptroller and Auditor General of India**

“RESOLVED THAT the members of the Company be and hereby adopt the Audited Balance Sheet of the Company as at 31st March, 2022, 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, the Secretarial Audit Report and Comments of the Comptroller and Auditor General of India for the F.Y. 2021 - 2022.”

2. **To take note of letter from the office of the Comptroller and Auditor General of India vide Letter no./CA. V/COY/ANDHRAPRADESH,APPFIN(1)/964 dated 07th September 2022 and w.r.t appointment of Sheshachalam & Co., Chartered Accountants, Vijayawada as Statutory Auditors of the Company for the financial year 2022-23, and to fix remuneration thereof.**

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, the members of the Company take note of Letter no./CA. V/COY/ANDHRAPRADESH,APPFIN(1)/964 dated 07th September 2022 received from the office of the Comptroller and Auditor General of India (C & AG) with respect to the appointment of M/S Seshachalam & Co., Chartered Accountants, Vijayawada as the Statutory Auditor of the Company from the conclusion of this AGM till the conclusion of next AGM (for the financial year 2022-23) and hereby consent to fix the remuneration at Rs. 75,000/- plus GST as applicable, in addition to actual reasonable out of pocket expenses.”

By Order of the Board
Andhra Pradesh Power Finance Corporation Limited

Place: Vijayawada
Date: 31/03/2023

Sd/-
Chairman
APPFCL, Vijayawada



Notes:

1. A member entitled to attend and vote at the annual general meeting may appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be submitted at the registered address of the company, not less than forty-eight hours before the commencement of the annual general meeting..
3. Members/proxies/authorized representatives should bring the duly filed attendance slip enclosed with the notice of annual general meeting to attend the meeting.
4. Route map of the annual general meeting venue is annexed with notice.



DIRECTORS' REPORT

Dear Members

The Board of Directors is pleased to present the 22nd Annual Report of the business and operations of Andhra Pradesh Power Finance Corporation Limited (APPFCL) together with the Audited Financial statements for the year ended 31st March 2022.

1. STATE OF COMPANY'S AFFAIRS

Andhra Pradesh Power Finance Corporation Limited (APPFCL) is a Government Company established vide G.O.Ms. No. 54 Energy (Power-III) dated 19-05-2000 under the Companies Act, 1956 (CIN:U40109AP2000SGC107482) and commenced the business on 13.7.2000 with 100% ownership by Government of Andhra Pradesh. APPFCL has registered with Reserve Bank of India (RBI) as Non-Banking Finance Company (NBFC) with effect from 25.8.2000.

APPFCL was demerged forming two demerged entities i.e., the demerged APPFCL and the Telangana state power finance corporation limited (TSPFCL) pursuant to the Andhra Pradesh Reorganization Act, 2014. The main objective of APPFCL is raising funds to meet the financing needs of the Power Sector within the territories of the state of Andhra Pradesh.

The Listed Bonds issued by the Company prior to demerger continue until complete redemption in the year 2024. APPFCL has obtained Bank Loans to the tune of Rs. 1250 Crores and received funds from the Government Companies by way of issue of Inter Corporate Deposits to the tune of Rs. 1076 Crores during the financial year under review.

2. CHANGE IN THE STATE OF COMPANY'S AFFAIRS

There has been no change in the business of the Company during the financial year ended 31st March 2022.

3. FINANCIAL RESULTS FOR THE YEAR 2021 – 22

3.1 Standalone Results:

PARTICULARS	2021-2022 (Rs. in Crores)	2020-2021 (Rs. in Crores)
Revenue and Other Income – Receipts from Govt. of A.P	1583.15	1278.98
Total Expenses	1385.17	1152.02
Profit Before exceptional items	197.98	126.96
Impairment of Financial Asset	81.85	(65.21)
Profit before Tax	189.79	61.75
Provision for Taxation	40.18	25.56
Profit after Tax	149.61	36.18

3.2 Asset Under Management:

The Assets under Management represents the loans and advances given to Power Generating Companies and Power Distribution Companies owned by Govt. of Andhra Pradesh in order to cater their financial need in infrastructure and working capital requirements. The Assets under Management (AUM) of the Company increased by around 1.12 times in the year 2020-21. The AUM as on March 31, 2022 is Rs. 18539.15 Crores and has seen a growth of Rs. 2101.38 Crores from Rs. 16,437.77 Crores as on 31st March, 2021.



3.3 Income:

The total income of the Company has increased significantly during FY 2021-22. The main reason stems from the fact that there has been a significant growth in the AUM. The major source of income is from the interest collected on loans provided to the Customers, which has grown from Rs. 1276.93 Cr in the FY 2020-21-20 to Rs. 1577.86 .Cr in the FY 2021-22. Receipts from Govt of Andhra Pradesh are utilized for meeting the interest and instalment repayments of Debentures/ Bonds issued by the Company prior to bifurcation of the state of Andhra Pradesh. The Company also earned a meagre amount of interest on bank deposits where the surplus funds were invested.

3.4 Provision on Standard Assets:

As per the RBI Master Circular, vide Master Circular No. DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015, the Company has made a Provision on Standard Assets at 0.40% on the loans advanced to the power companies within the state of Andhra Pradesh.

3.5 Ratios:

As at the year ended March 31, 2022:

1. The Return on Assets, which measures the profitability in relation to the total assets, stood at 0.81%.
2. The Return on Net Worth measures the profitability in relation to the Net Worth which stood at 27.83%.
3. The Interest Coverage Ratio measures your company's ability to handle its outstanding debt and it stood at 14.64%.
4. The Debt-Equity Ratio evaluates your company's financial leverage which stood at 33.24 times.
5. The Liquidity Ratio measures your company's ability to pay short-term obligations or those due within one year and it stood at 2.03 times.

4. RESERVES

An amount Rs. 39.60 crores proposed by the Board has been transferred to Reserves including the reserve fund transferred pursuant to the RBI guidelines.

Particulars	Amount
Securities Reserve	-
Reserve Fund – As per RBI Guidelines	26,07,61,406.00/-
General Reserve	-
Net Surplus (After Transfer to Reserve Fund)	13,53,04,016.00/-
Total	39,60,65,422.00/-

5. SOURCE OF FUNDS

During FY 2021-22, the Company met its funding requirements through a combination of Short Term debt (comprising Inter-Corporate Deposits (“ICDs”) and Long Term debt (comprising Non-Convertible Debentures (“NCDs”) and Bank Loans).

Following table represents the short-term and long-term debts:

Outstanding Debts	Rs. in Crores
Term Loans from Banks	9856.44
Non-Convertible Debentures	6154.56
Inter-Corporate Deposits	1861.00
TOTAL	17872.00



6. DIVIDEND

In order to conserve the resources for further growth of the Company, the Directors on Board of APPFCL do not recommend payment of any Dividend on the Equity Shares for FY 2021-22.

7. CHANGES IN SHARE CAPITAL

There has been no allotment of shares during the financial year 2021-22.

8. CREDIT RATING

During the financial year 2021-22, The ratings for the Bonds issued by APPFCL are provided by CRISIL Limited and ICRA Limited and the ratings for the Bank term loans of the Company were provided by Brickwork Ratings India Private Limited. However, pursuant to SEBI order dated October 06, 2022, the certificate of registration of Brickworks Ratings India Private Limited was cancelled and

APPFCL thereafter entered into an agreement dated 06th January 2023 with India Ratings and Research for obtaining ratings of the Debt/Fund and Non-fund based limits (including term loans) amounting to Rs. 16000 Crores.

The ratings provided by the rating agencies for your Company is given in page 20 of this report.

9. EXTRACT OF ANNUAL RETURN

Annual Return in form MGT-7 will be placed on the website of the company i.e., www.appfcl.com

10. DEPOSIT

Andhra Pradesh Power Finance Corporation Limited (APPFCL) is registered with RBI as a Non-Banking Financial Company – Non Deposit Taking – Systematically Important (NBFC-ND-SI). The Company has not accepted any public deposits during the year 2021-22.

11. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company has not entered into any transactions with Related Parties in terms of Section 188 of the Companies Act, 2013. Hence, there were no contracts or arrangements required to be entered into by the Company.

12. DIRECTORS

The following are the Directors on Board as on 31st March 2022:

1. Sri S.S. Rawat, IAS – Chairman
2. Dr. K.V.V. Satyanarayana, IRAS – Managing Director
3. Sri B. Sreedhar, IAS – Director
4. Sri V.N. Babu, CMA & CS – Director
5. Smt. T. Vanaja - Director



The Directors on Board of your Company are liable for transfers as per the Government Order released from time to time. During the year under review, Smt. S. Nagalakshmi, IAS was transferred by way of GO Rt No. 296 dated 16th February 2021 and was relieved as Director of the Company by appointment of Smt. T Vanaja vide GO Rt No. 137 dated 12th October 2021. Sri. Srikant Nagulapalli, IAS was relieved from the services of the Government of Andhra Pradesh vide GO Rt No. 389 dated 03rd March 2022.

During the financial year 2022-23, Sri. K Vijayanand, IAS was appointed as Director of the Company with effect from 04th November, 2022 pursuant to GO Rt No. 104 dated 04th August 2022.

13. KEY MANAGERIAL PERSONNEL

Sri. M. Ramana Reddy continues to be the Chief Financial Officer of the Company and Smt. V Abhinaya, continues to be the Company Secretary and Compliance Officer of the Company. Also, Smt. V Abhinaya was appointed as the Chief Grievance Officer of the Company the financial year 2021-22.

Accordingly, Pursuant to the provisions of Section 203 of the Companies Act, 2013, the following persons are the Key Managerial Personnel of the Company as at 31st March, 2022:

- Dr KVV Satyanarayana, IRAS Managing Director,
- Smt. V. Abhinaya, Company Secretary and
- Sri M. Ramana Reddy, Chief Financial Officer

14. POLICY ON DIRECTOR'S APPOINTMENT, 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 and sitting fees are paid pursuant to the applicable provisions of Section 197 of the Companies Act, 2013.

The roles, responsibilities and remuneration for the directors are determined by the Board in consultation with the Government of Andhra Pradesh.

15. MEETINGS OF THE BOARD

The Board of Directors met FOUR times during the year.

SI	Name of the director	BM No.171 17.06.2021	BM No.172 27.07.2021	BM No.173 21.10.2021	BM No.174 16.03.2022
01	Sri S.S. Rawat, IAS	Present	Present	Present	Present
02	Dr. K.V.V. Satyanarayana, IRAS	Present	Present	Present	Present
03	Dr. N. Srikanth, IAS	Present	Present	Present	Relieved
04	Sri B. Sreedhar, IAS	LoA	LoA	Present	Present
05	Ms. S. Nagalakshmi, IAS	LoA	LoA	LoA	Relieved
06	Sri V.N. Babu, CMA & CS	Present	Present	Present	Present
07	Smt. T Vanaja	-	-	-	Appointed

Smt T Vanaja was present from the 174th Meeting of the Board of Directors of the Company and has provided her interest in other entities as per format MBP-1.



16. COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises the following members:

1. Sri S.S. Rawat, IAS
2. Dr. N. Srikanth, IAS
3. Sri B. Sreedhar, IAS
4. Smt. S. Nagalakshmi, IAS
5. Sri. V N Babu

There was a change in the constitution of Audit Committee pursuant to the transfer of Smt. S Nagalakshmi, IAS. Smt. T Vanaja was included as a member in the meeting held on 16th March 2022.

The Audit Committee met THREE times during the financial year.

Sl	Name of the Member	ACM 1/2021 17.06.2021	ACM 2/2021 21.10.2021	ACM 3/2020 16.03.2022
01	Sri S.S. Rawat, IAS	Present	Present	Present
02	Dr. N. Srikanth, IAS	Present	Present	Relieved
03	Sri B. Sreedhar, IAS	LoA	Present	Present
04	Ms. S. Nagalakshmi, IAS	LoA	LoA	Relieved
05	Sri. V N Babu	Present	Present	Present
06	Smt. T Vanaja	-	-	Appointed

Dr. KVV Satyanarayana, IRAS, Managing Director was invited to attend the Audit Committee Meetings during the year 2021-22.

Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013, every Company whose

- Turnover exceeds Rs. 1000 Crores or
- Net Worth exceeds Rs. 500 Crores or
- Net Profit exceeds Rs. 5 Crores

is required to spend 2% of the average net profit of the preceding three financial years towards Corporate Social Responsibility, the activities of which are listed under Schedule VII of the Companies Act, 2013.

The Company obtained a Certificate from M/s Satyanarayana & Associates, Chartered Accountants, for the amount to be spent towards Corporate Social Responsibility (CSR) and it was submitted that a total amount of Rs. 43,86,092.09/- be spent towards CSR during the financial year 2021-22.

Accordingly, a Certificate was obtained from M/s Kunda & Associates, Chartered Accountants, for the amount to be spent towards CSR and it was submitted that a total amount of Rs. 1,70,36,253/- be spent towards CSR during the financial year 2022-23.

Corporate Social Responsibility Committee was formed with the approval of the Board in its meeting held on 04th November 2022 and the following members were appointed as the members of the Committee:

1. Sri. Shamsheer Singh Rawat, IAS
2. Sri. K Vijayanand, IAS
3. Dr. K V V Satyanarayana, IRAS



Risk Management Committee (RMC)

The Risk Management Committee of the Board of Directors of the Company reviews compliance with risk policies, reviews and analyses risk exposures related to specific issues and provides oversight of risk across the Company. The Risk Management process of the Company is governed by the Risk Management Framework which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by risk reporting framework.

The Risk Management Policy was approved by the Board in its 173rd Meeting held on 21st October, 2021.

During the year under review, the Risk Management Committee met once on the 16th day of March 2022 with the following members being present:

S No.	Name of the Member
1.	Dr. K V V Satyanarayana
2.	Sri. M V S N Murthy
3.	Smt. V Abhinaya
4.	Sri. Ramana Reddy

Asset Liability Management Committee (ALCO)

The RBI introduced the Asset- Liability Management (ALM) System, as a part of the Risk Management and control Systems in banks. ALM Policy is aimed at managing the liquidity and interest rate risks. The company majorly depends on borrowings from banks as well ICDs from AP Govt. owned entities for funding its activities. The funds mobilised through these sources at different times have different costs in accordance with movement of interest rates in the market. In the absence of due analysis and proper monitoring of interest rates on borrowings vis a vis loans, it can have adverse impact on the bottom line of the company. It is necessary to address interest rate risk as well, as a part of the Company's risk management.

Further, as per RBI Master Directions & Circular vide DBOD No. BP. BC. 94/ 21. 04. 098/ 98, the Company drafted Asset Liability Management (ALM) Policy and the same was approved in the 167th Board Meeting held on 07th September, 2020. The policy was revised in the 173rd Board Meeting held on 21st October, 2021.

Pursuant to the Policy the ALM Meeting shall be held on a quarterly basis every financial year. During the year under review, The ALM Committee met once during the financial year.

Sl. No.	Name of the Member	ALM 1/2021 17.06.2021	ALM 2/2021 27.07.2021	ALM 3/2021 21.10.2021	ALM 1/2022 16.03.2022
01	Dr. KVV Satyanarayana, IRAS	Present	Present	Present	Present
02	Sri. V N Babu, Director	Present	Present	Present	Present
03	Sr. M V S N Murthy	-	-	Present	Present
04	Smt. V. Abhinaya, Company Secretary	Present	Present	Present	Present
05	Sri M. Ramana Reddy, Chief Financial officer	Present	Present	Present	Present



Grievance Redressal Committee (GRC)

The Grievance Redressal Policy was approved in the 173rd Board Meeting held on 21st October, 2021. The purpose is to ensure “zero” complaints against the company with regard to non-payment or delay in interest/principal payments, failure to ensure transparency in loan agreement, terms and conditions of loan and Fair Practices Code not followed.

During the year under review, the Grievance Redressal Committee Meeting met once on the 16th March 2022 with the following members being present:

S No.	Name of the Member	GRC 1/2022 16.03.2022
1.	Dr. K V V Satyanarayana, IRAS	Chairman
2.	Smt. V Abhinaya, CGO	Member - Secretary
3.	Sri. Ramana Reddy, CFO	Member

Credit Committee (CC)

The Loan Policy was approved in the 173rd Board Meeting held on 21st October, 2021. The policy document on the Loans & Advances outlines the guiding principles in respect of formulation of various products offered by APPFCL, the terms and conditions governing the conduct of account, the delegated power to the committee/officials and other terms & conditions applicable to such loans. It is expected that this policy will impart greater transparency in dealing with individual customers and create awareness among customers.

During the year under review, the Credit Committee Meeting was held ONCE on the 16th day of March 2022 with the following members being present:

S No.	Name of the Member	GRC 1/2022 16.03.2022
1.	Dr. K V V Satyanarayana, IRAS	Present
2.	Sri. M V S N Murthy, CRO	Present
3.	Sri. Ramana Reddy, CFO	Present
4.	Smt. V Abhinaya, CS	Present



17. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no material weakness in the design or operation was observed.

18. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The provisions of Section 186 of the Act pertaining to granting of loans to any persons or bodies corporate, giving of guarantees or providing security in connection with loans to any other bodies corporate or persons and acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate, are not applicable to the Company, since the Company is an NBFC.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (3) and (5) of Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, your directors state that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2022 and of the profit /loss of the company for that period;
- iii. The Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a 'going concern' basis.
- v. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

20. AUDITORS

Statutory auditors

M/s Seshachalam & Co., Chartered Accountants were appointed as the Statutory Auditors for the Financial Year 2021-22 by the Comptroller and Auditor General of India, vide letter No. CA.V/COY/ANDHRA PRADESH,APPFIN(1)/1946 dated 23rd February 2022.

The appointment of Statutory Auditor in place of retiring auditor shall be determined by the Comptroller and Auditor General of India, in exercise of the powers conferred by Section 139 of the Companies Act, 2013.

M/s Seshachalam & Co., Chartered Accountants were appointed as the Statutory Auditor for the financial year 2022-23 by the Comptroller and Auditor General of India, vide letter No. CA.V/COY/ANDHRA PRADESH,APPFIN(1)/964 dated 07th September 2022.

The same has been placed before the Board for noting and fixing the remuneration payable to the Statutory Auditors for the financial year 2022-23.



Comments from C&AG for the FY 2021-22

The Comptroller and Auditor General of India has issued its Comments on the financial statements for the Financial Year 2021 – 22 vide No. **PAG(AU)/AP/TSC(PSUs)/AMG-II/AA/APPFCL/2022-23/332 Date: 16-03-2023**

A copy of the same was forwarded to all the shareholders for their perusal and record.

Internal Auditors

M/s. Kunda & Associates, Chartered Accountants, Vijayawada was appointed as Internal Auditors of the Company for the Financial Year 2021-22.

Secretarial auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 the Company shall appoint a Practicing Company Secretary (PCS) if the paid-up capital of the company exceeds Rs. 300 Crores.

The Company has appointed ASN Associates, Company Secretaries as Secretarial Auditor for the Financial Year 2021-22 as per the terms and conditions specified in the Companies Act, 2013. The copy of the Secretarial Audit report inform MR-3 is annexed to this report.

21. UNCLAIMED AMOUNT

There has been no amount transferred to IEPF during the financial year 2021-22.

The debenture holders are requested to claim their unclaimed amount on NCDs which has not been transferred to IEPF Account by contacting the Company or the Registrar & Transfer Agents (RTA).

22. INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of any fraud reported by the statutory auditors under section 143(12) of Companies Act 2013.

23. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

There were no material changes, or any commitments made by the Company which affects the financial position of the Company between the end of the financial year and the date of this reporting.



24. DETAILS OF SIGNIFICANT & MATERIAL ORDER PASSED BY THE REGULATORS, COURT & TRIBUNALS

No significant and material orders were passed by the regulators or courts or tribunals which affect the going concern status and future operation of the company.

25. DISCLOSURE UNDER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE

APPFCL has not received any complaints during the financial year. Pursuant to the applicable provisions of the Prevention of Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013, APPFCL is not required to form an Internal Committee.

26. REPORT ON PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

Report on Performance Evaluation of the Board, Committees and Individual Directors is applicable only for listed companies having a paid up share capital of Rs. 25 crores or more at the end of preceding financial year.

As the Company is not a equity listed entity, the provisions of performance evaluation is not applicable for the Company.

Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and cooperation received from the financial institutions, Government Authorities, customers, vendors and members during the year under review. Your directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

Place: Vijayawada
Date: 31/03/2023

Sd/-
Sri S.S. Rawat, IAS
Chairman

Sd/-
Dr. K.V.V. Satyanarayana, IRAS
Managing Director



Annexure - 1

FORM No. AOC.2

[(Pursuant to clause (b) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

Sl. No.	Particulars	Details
1.	Details of contracts or arrangements or transactions not at arm's length basis	Nil
(a)	Name(s) of the related party and nature of relationship	
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangement or transactions at arm's length basis	Nil
(a)	Name(s) of the related party and nature of relationship	
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/ arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	

Place: Vijayawada
Date: 31/03/2023

For and on behalf of the Board

Sd/-
(S. S. Rawat, IAS)
Chairman
DIN: 06927486



FORM NO. MR.3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2022

[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 - 520004,
Andhra Pradesh, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED (CIN: U40109AP2000SGC107482) (here-in-after called 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 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, We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2022, 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED for the Financial Year ended on 31st March, 2022 according to the provisions of:
 - ii. The Companies Act, 2013 (the Act) and the Rules made there under;
 - iii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made there under;
 - iv. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - v. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and the Listing Agreements entered into by the Company with the Stock Exchanges;



- e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – Not applicable as the Company has not issued any Employee Stock Option Scheme;
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - g. 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
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable;
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company did not buy back its equity shares during the financial year under review; and
 - j. The Reserve Bank of India Act, 1934 and regulations framed thereunder for Non-Banking Financial Companies.
2. We are of the opinion that the Management has complied with the following Laws specifically applicable to the Company:
- a. The Payment of Wages Act, 1936
 - b. The Minimum Wages Act, 1948
 - c. Employees Provident Funds and Miscellaneous Provisions Act, 1952
 - d. The Payment of Bonus Act, 1965
 - e. The Payment of Gratuity Act, 1972
 - f. The Contract Labour (Regulation & Abolition) Act, 1970
 - g. The Child Labour (Prohibition & Regulation) Act, 1986
 - h. The Industrial Employment (Standing Order) Act, 1946
 - i. The Employee Compensation Act, 1923
 - j. Information Technology Act, 2000 and the Rules made there under
3. We have also examined compliance with the applicable Clauses of the following:
- . Secretarial Standards issued by The Institute of Company Secretaries of India.
 - . The Listing Agreements entered into by the Company with the Stock Exchanges.



4. 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:
- There was a delay of 74 days in convening Annual general Meeting for the Financial Year 2020-21.
 - There was a gap of more than 120 days between two consecutive Meetings of the Board during the 4th Quarter.
 - Non-Compliance of Section 125 of the Companies Act 2013 There is a delay in transfer of unclaimed principal and interest amount of Rs.46,45,660/- to Investor and Education and protection Fund.
 - 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.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Changes in the composition of the Board of Directors which took place during the period under review are in accordance with the provisions of the Companies Act, 2013.
- Adequate notices given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least Seven Days in advance either by way of hand delivery or through e-Mail communication, 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.
- As per the Minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous/with requisite majority and no dissenting views have been recorded.
- We report that there is scope to improve the systems and processes in the Company to be commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- We further report that the Company has complied with the requirements under the debt Listing Agreements entered into with NSE Limited.
- We 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.
- We have relied on the representation made by the Company and its Officers for systems and mechanisms formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

Place: Vijayawada,
Date: 31/03/2023

For ASN Associates
Company Secretaries
Sd/-

Name: K Surendra
Partner
ACS No. 34205
CP No. 12732
UDIN. A034205D003360847

* 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 IN

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

1. Maintenance of Secretarial Record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. The Compliance by the Company of applicable financial laws like Direct and Indirect Tax Laws and maintenance of financial record and books of accounts have not been reviewed in this audit since the same have been subject to review by Statutory Financial Audit and other designated professionals.
4. Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of 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.

Place: Vijayawada,
Date: 31/03/2023

For ASN Associates
Company Secretaries

Sd/-

Name: K Surendra
ACS No. 34205
CP No. 12732
UDIN. A034205D003360847



Annexure to Board's Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of your Company is pleased to present the Management Discussion and Analysis Report for the financial year 2021-22.

Management Discussion and Analysis Report



A. Industry Structure and Developments

Power sector is a critical infrastructure element required for the smooth functioning of the state economy. An efficient, resilient and financially robust power sector is essential for growth of Power industry. The availability of reliable, quality and affordable power helps in industrial development and the overall economy of the state.

The Government of Andhra Pradesh was one of the pioneer states to initiate the power sector reforms in 1998. The erstwhile Andhra Pradesh State Electricity Board (APSEB) was unbundled into six entities to focus on the core operation of Power Generation (APGENCO), Power Transmission (APTRANSCO) and Distribution (APDISCOMS). Significant amount of investments was made for building up generation capacity, strengthening transmission and distribution network, industrial feeder segregation, loss reduction and improving quality of power supply.

Andhra Pradesh Power Finance Corporation Limited, being a Non-Banking Financial Company registered with the Reserve Bank of India, has succeeded in becoming a valuable partner for financing the organizations engaged in power and allied sectors within the State of Andhra Pradesh.

The Company has been able to offer competitive interest rates (9%) to various power utilities than the other borrowing alternatives available like PFC and REC of GOI which are lending to the power utilities at more than 10% which increased demand for more borrowings by the Company. Considering the Company's high credit worthiness and well-established relationship with the lenders, APPFCL would be able to adequately manage its funding requirements.



During the Financial year 2021-22, APPFCL has issued inter Corporate Deposits amounting to Rs. 1076 Crores

ICDS issued during the Financial Year 2021-22				
Depositor Name	Year	Deposited Amount	Tenure	Roti
APSPDCL P & G TRUST	2021	4,03,00,00,000	5 to 10 Years	7.50%
APEPDCL P & G TRUST	2021	2,20,00,00,000	10 Years & above	8%
APSolar Power Corp. Limited	2022	4,53,00,00,000	10 Years & above	5.75%
Total		10,76,00,00,000		

B. SWOT Analysis



Strength of the Company:

I. Sovereign Guaranteed Assets

The Sovereign Guarantee provided by the State of Andhra Pradesh acts as a strong support/pillar to the Assets under Management (AUM) of the Company. The Company being a NBFC, the loans advanced to the Discoms, GENCO and PPDCL represents the AUM and are backed by unconditional and irrevocable Government Guarantee.

The Sovereign Guarantee is available for funds raised by the Company in the form of term loans from Banks, Debenture Issue and Issue of Inter Corporate Deposits and also for the funds disbursed by the Company in the nature of loans advanced to the Discoms, APGENCO and APPDCL. Pursuant to the RBI roadmap on Capital Adequacy, risk weights on the AUM have a direct effect/impact on the Capital Adequacy to be maintained by the Company and the Sovereign Guarantee reduces such risk weights on the assets from 100% to 20%.

II. Turnaround in Earnings

The financial presentation reported a turnaround performance during the period under review – swinging from loss to profit – as compared to the previous financial years. Key factors that drove the earnings beat our expectations include 2% margin from the interest recovered versus the interest paid, strong negotiations with the bankers reducing the commitments of the Company, rapid growth of AUM, ability to invest confidence with the borrowers and thereby increasing the loan book of the Company.

III. Dominating Market Presence

APPFCL was set up with a mission to augment the power utility Companies within the State of Andhra Pradesh.

Andhra Pradesh has become the second State to undertake the power sector reforms stipulated by the Department of Expenditure, Ministry of Finance. Power Sector reforms stipulated by the Ministry of Finance aim at creating a transparent and hassle free provision of power subsidy. They also aim at improving the health of power distribution companies by alleviating their liquidity stress in a sustainable manner.

Weakness of the Company:

I. Narrow Resource Pool

For any NBFC, fund raising is required to accomplish the business objectives. Being a Government Company, there may be certain restrictions for your Company with regard to raising of funds. APPFCL is registered as Non-Deposit taking Company with the Reserve Bank of India and thus cannot accept public deposits. Currently, the Company is raising funds through bank loans, issue of debentures and acceptance of Inter Corporate Deposits. Various opportunities are yet to be exploited.

II. Restrictions of Government Sector

As all Government Companies, APPFCL also has certain restrictions with regard to various policies/reforms by the Government. Given the present scenario, the Company is mainly focusing on reviving the power utility Companies from their crisis and thereby restraining the growth of the Company as the success of your Company also depends on the success/growth of the utility Companies.



III. Limited Human Resource

Pursuant to the bifurcation of the State of Andhra Pradesh, the human resource allocated to APPFCL was very limited. Commensurate with the growth in the size of your Company, the management understands the complexity in the day-to-day business activity and gives it nod for enhancing the human resource of the Company. The Management is confident that the human resource will become a major strength for the Company in near future.

Opportunities for the Company:

I. Growing Demand for Power

There is always a growing demand for power across the State thereby directly increasing the financial needs of the power utility Companies. APPFCL has always provided the required support to the power utility Companies to bail out from the financial crisis faced by such companies. The Company is offering funds at competitive interest and thereby saving the operational costs of the utility Companies.

II. Foreign Investments

One of the best funding options for NBFC is foreign investment. Recently, up to 100%, foreign investment is permitted under the automatic route in FDI. Thus, foreign investors don't require approval from the Reserve Bank of India (RBI) or Foreign Investment Promotion Board (FIPB) and invest directly in NBFC's. The Government has introduced new FDI norms for NBFC's to accelerate Non-Banking Financial sector. It has eliminated the minimum capitalization norms, which is yet another boon for NBFC's. A rapid increase of Foreign Director Investments will be highly beneficial for the NBFC Business Model due to easier and faster sanction of funds at reasonable interest rates.

III. Raise in Investor Confidence

Pursuant to the bifurcation of the State of Andhra Pradesh, your Company has made regular payments of interest and principal amounts with regard to the debentures. There has not been an event of default by the Company and thus ensuring strong investor relationship.

Threats faced by the Company:

I. Credit Risk

Any lending activity by the Company is exposed to credit risk arising from repayment default by borrowers and other counterparties. Despite best efforts, there can be no assurance that repayment default will not occur and, in such circumstances, may have an effect on its results of operations. The Company may not be able to realize the full value of its collateral or be delayed in realizing such value, due to, among other things, legal proceedings by defaulting borrowers and/ or security providers, and stagnation or reduction in market value of collateral. A failure to recover the expected value of collateral security could expose the Company to a potential loss.

II. Interest Rate Risk

Interest rate risk is the risk where changes in market interest rates might adversely affect an NBFC's financial condition. The changes in interest rates affect company in some way. The immediate impact of changes in interest rates is on company's earnings (i.e. reported profits) by changing its Net Interest Income (NII). As such APPFCL is into funding of loans which are not always fixed rate loans. The company manages this risk on NII by pricing its loan products to Power Generation, Transmission and Discoms at a rate which covers interest rate risk. Changes in the Interest rates may affect your Company's performance.



Transmission and Discoms at a rate which covers interest rate risk. Changes in the Interest rates may affect your Company's performance.

III. Liquidity Risk

Measuring and managing liquidity needs are vital for effective operations of an NBFC. Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the Company. Therefore, liquidity has to be tracked through maturity or cash flow mismatches. Consistent efforts need to be taken with this regard.

IV. Changes in Legislation

APPFCL is a Government company and a public financial institution under the Companies Act. It is registered with the RBI as a non-deposit taking systemically important NBFC in August 2000. As a result, various legislations are applicable to your Company like Companies Act, 2013, Securities and Exchange Board of India Regulations, RBI Master Guidelines and Circulars, Tax regulations etc. Changes in these legislations could affect our Company's results/operations.

C. Segment-Wise or Product-Wise Performance

Company's main business is to provide financial assistance to the power sector and Company does not have any separate reportable segments.

D. Internal Control System and its Adequacy

The Company is having an internal control system including suitable monitoring procedures commensurate with its size of operations. Internal Auditor of the Company works on a continuous basis, covering the financial and other matters. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants in close co-ordination with the Chief Financial Officer of the Company. Further, the findings of the different audits are also periodically reviewed by the Audit Committee of the Board.

M/s Kunda & Associates, Chartered Accountants were the Internal Auditors for the financial year 2021-22. M/s. EC & Associates, Chartered Accountants, Vijayawada, Statutory Auditors of the Company have also given report on Internal Financial Controls.

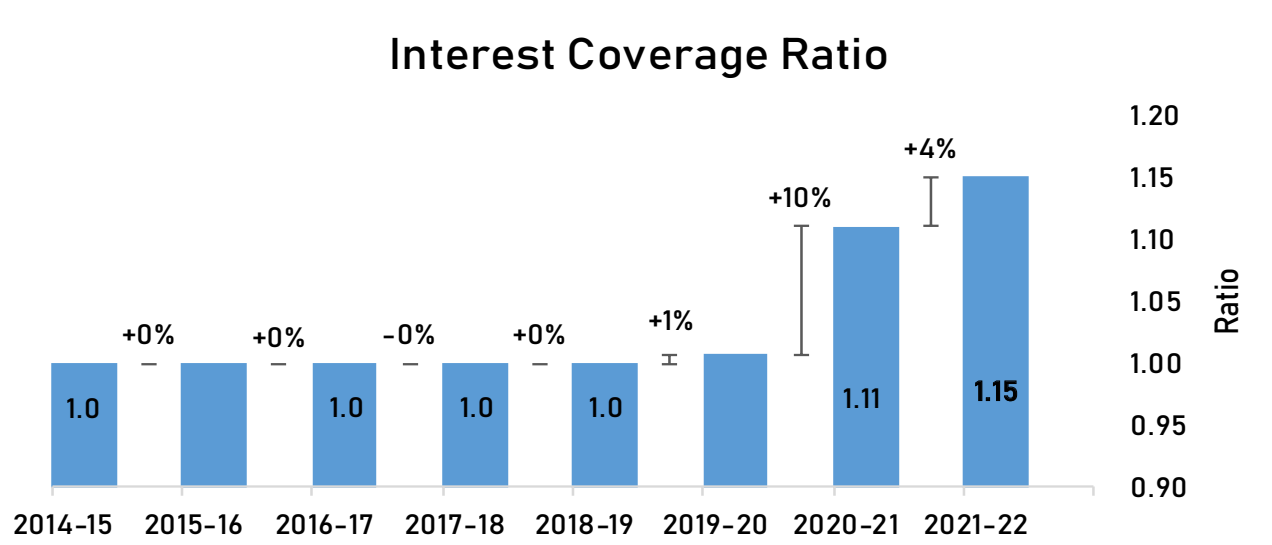


E. Discussion on Financial Performance with respect to Operational Performance

» Interest Coverage Ratio: -

Staying above water with interest payments is a critical and ongoing concern for any Company. The interest coverage ratio measures a Company's ability to handle its outstanding debt. It evaluates a Company's financial condition. Analyzing interest coverage ratios over time will often give a much clearer picture of your company's position and trajectory.

The following graphs represents the Interest Coverage Ratio in comparison from the financial year 2014-15 to 2020-22.



Analysis & Interpretation:

From the financial year 2014-15 to 2016-17 there was no significant change in the interest coverage ratio as there was no loss no profit situation. In the subsequent year 2017-18, your Company incurred a meagre loss which did not have any impact on the interest coverage ratio. It is from the year 2018-19, your Company started earning profits. The amount of profit was insufficient to impact the ratio. During the year 2019-20, your Company earned profits of Rs. 4.68 Crores and thereby there was 1% increase in the ratio and during the year 2020-21, the profits increased 10 times and there was a significant increase in the interest coverage ratio of 10%.

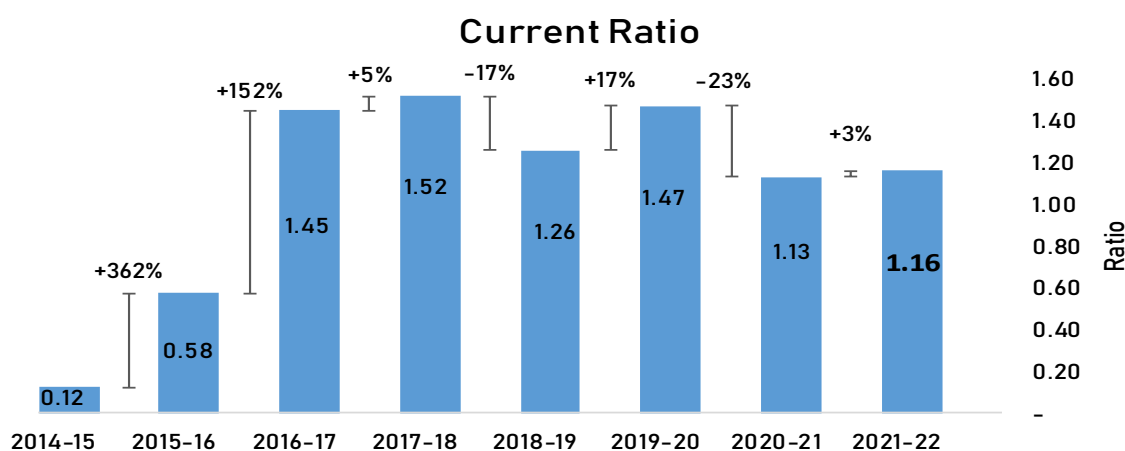
During the year under review, in financial year 2021-22, the profits increased significantly and there was increase in the interest coverage ratio of 4%.



» **Current Ratio: -**

Current Ratio measures the Company's ability to pay short-term obligations or those due within one year. It advises the investors how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

The following graph depicts the current ratio as a comparison from the FY 2014-15 to 2020-22.



Current Assets represents the cash and bank balances, receivables from AP Government and other short-term assets. Similarly, the current liabilities represent the payable and other short-term liabilities within the period of 1 year.

The values are based on the audited figures.

Analysis & Interpretation:

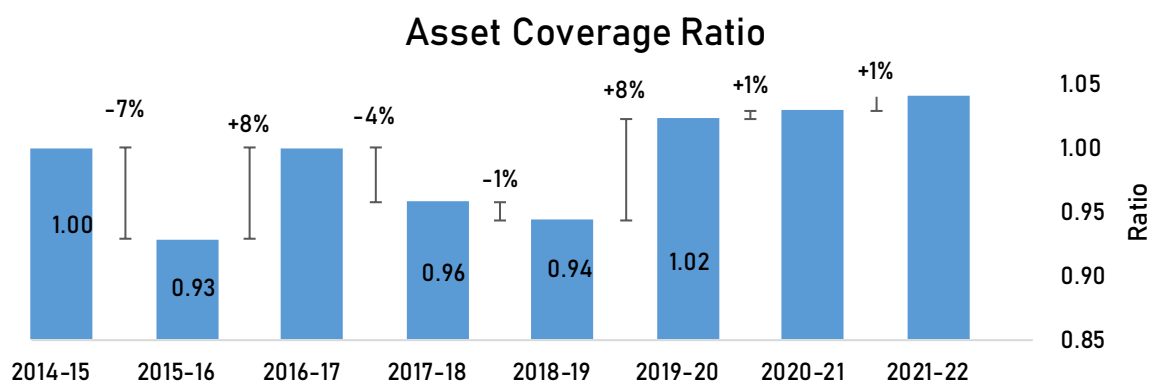
An ideal Current ratio is 1. In the year 2014-15 and 2015-16 the current ratio was less than 1 depicting that the Company did not have capital on hand to meet its short-term obligations and was entirely dependent on the Government of Andhra Pradesh for any financial assistance. In the subsequent years, i.e., from 2016-17 till 2020-22, the current ratio is above 1 indicating that the Company has financial resources to remain solvent..

» **Asset Coverage Ratio: -**

The asset coverage ratio is a financial metric that measures how well a company can repay its debts by selling or liquidating its assets. The asset coverage ratio is important because it helps lenders and investors measure the financial solvency of a company.

The following graph depicts the Asset Coverage Ratio as a comparison from the FY 2014-15 to 2020-22





Analysis & Interpretation:

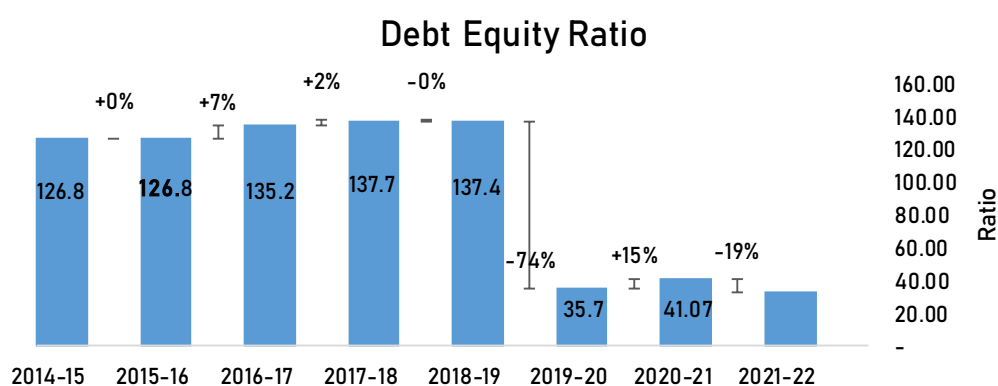
The higher the asset coverage ratio, the more times a company can cover its debt. Therefore, a company with a high asset coverage ratio is considered to be less risky than a company with a low asset coverage ratio.

Generally, the asset coverage ratio provides creditors and investors with the ability to gauge the level of risk associated with investing in a company. There is no significant change in the Asset Coverage Ratio from the year 2014-15 to 2020-22. There is only a minor difference in the ratio hence the Company is considered less risky.

» Debt Equity Ratio: -

The D/E ratio is an important metric used in corporate finance. It is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds.

The following graph depicts the Debt-Equity Ratio as a comparison from the FY 2014-15 to 2020-22.



Analysis & Interpretation:

Higher-leverage ratios tend to indicate a company with higher risk to shareholders.

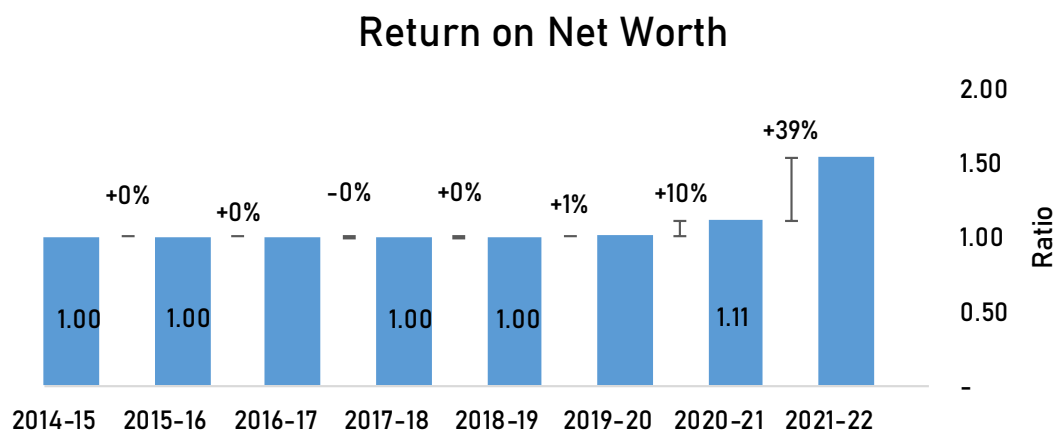
From the financial year 2014-15 to 2018-19 the debt-equity ratio was high indicating that the Company shall potentially generate more earnings as a substantial amount is used as debt by the Company. In the subsequent years and in the financial year 2021-22, the D/E ratio has decreased significantly as the equity share capital and earnings of the Company increased. It is to be noted that the long term debts of the Company in the nature of debentures, bank loans and inter corporate deposits are backed by Government Guarantee.



» **Return on Net Worth: -**

ROE is a gauge of a corporation's profitability and how efficiently it generates those profits.

The following graph depicts the Return on Net Worth as a comparison from the FY 2014-15 to 2020-22.

**Analysis & Interpretation:**

From the FY 2014-15 to 2018-19, the ROE/RONW was only 1 as the capital was constant and there was no loss no profit situation. The ROE/RONW increased 10% in the FY 2020-21 as the Company raised its capital and retained earnings. During the financial year under review i.e., Financial year 2021-22, the increase in Reserves and Surplus increased the ROE/RONW by 39%.



Annexure to Board's Report

REPORT ON CORPORATE GOVERNANCE

It is evident, the need for good corporate governance has been gaining increased emphasis over the years. Globally, companies are adopting best corporate practices to increase the confidence of investors as also that of other stakeholders. Corporate Governance is the key to protecting the interests of the stakeholders.

1. Our Corporate Governance Philosophy:

Your Company's Corporate Governance philosophy is based on the principles of Accountability, Transparency, Fairness and Responsibility.

A Report in line with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below as a part of the Director's Report along with a Certificate issued by a Practicing Company Secretary regarding compliance with the provisions of Corporate Governance.

2. RBI Guidelines:

RBI vide its circular no. RBI/2014-15/36 DNBS (PD) CC No. 390/03.10.001/2014-15 July 1, 2014 had instructed NBFC-ND-SIs to adopt guidelines on Corporate Governance.

3. Board of Directors:

The members of the Board were senior functionaries from the government of Andhra Pradesh, and they satisfy the 'Fit and Proper' criteria as prescribed by the Reserve Bank of India. The members of the Board are subject to transfers pursuant to Government Orders and in such cases the Board shall be re-constituted subject to the Government Order.

Your Board reviews the corporate policies, overall performance, accounting and reporting standards, regulatory compliance with regard to SEBI, RBI and Companies Act, 2013. Your Company's Board consists of eminent individuals with diverse experience and expertise.

Composition of the Board:

The following are the Directors on Board as on 31st March 2022:

- i. Sri S.S. Rawat, IAS – Chairman
- ii. Dr. K.V.V. Satyanarayana, IRAS – Managing Director
- iii. Sri B. Sreedhar, IAS – Director
- iv. Sri V.N. Babu, CMA & CS – Director
- v. Smt. T. Vanaja - Director

The Directors on Board of your Company are liable for transfers as per the Government Order released from time to time. During the year under review, Smt. S. Nagalakshmi, IAS was transferred by way of GO Rt No. 296 dated 16th February 2021 and was relieved as Director of the Company by appointment of Smt. T Vanaja vide GO Rt No. 137 dated 12th October 2021. Sri. Srikant Nagulapalli, IAS was relieved from the services of the Government of Andhra Pradesh vide GO Rt No. 389 dated 03rd March 2022.



During the financial year 2022-23, Sri. K Vijayanand, IAS was appointed as Director of the Company with effect from 04th November, 2022 pursuant to GO Rt No. 104 dated 04th August 2022.

During the year, in absence of requisite number of Independent Directors on the Board of the Company, the composition of the Board of Directors was not in conformity with the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Adequate actions are being taken to expedite the appointment of Independent Directors.

Board Meeting:

The meetings of the Board are generally held at the registered office of the Company. The Board of PFC meets regularly. The meetings of Board are governed by a structured agenda and any member of the Board is free to recommend inclusion of any subject matter in the agenda for deliberations. Detailed agenda papers are circulated in advance on all major issues to facilitate the Board to take well-informed and independent decisions.

The Board of Directors met FOUR times during the year.

SI	Name of the Director	BM No.171 17.06.2021	BM No.172 27.07.2021	BM No.173 21.10.2021	BM No.174 16.03.2022
01	Sri S.S. Rawat, IAS	Present	Present	Present	Present
02	Dr. K.V.V. Satyanarayana, IRAS	Present	Present	Present	Present
03	Dr. N. Srikanth, IAS	Present	Present	Present	Relieved
04	Sri B. Sreedhar, IAS	LoA	LoA	Present	Present
05	Ms. S. Nagalakshmi, IAS	LoA	LoA	LoA	Relieved
06	Sri V.N. Babu, CMA & CS	Present	Present	Present	Present
07	Smt. T Vanaja	-	-	-	Appointed

Smt T Vanaja was present from the 174th Meeting of the Board of Directors of the Company and has provided her interest in other entities as per format MBP-1.

4. Committees of the Board:

Audit Committee

The Audit Committee comprises the following members:

- i. Sri S.S. Rawat, IAS
- ii. Dr. N. Srikanth, IAS
- iii. Sri B. Sreedhar, IAS
- iv. Smt. S. Nagalakshmi, IAS
- v. Sri. V N Babu

There was a change in the constitution of Audit Committee pursuant to the transfer of Smt. S Nagalakshmi, IAS. Smt. T Vanaja was included as a member in the meeting held on 16th March 2022.



The Audit Committee met THREE times during the financial year

Sl.No.	Name of the Member	ACM 1/2021 17.06.2021	ACM 2/2021 21.10.2021	ACM 3/2020 16.03.2022
01	Sri S.S. Rawat, IAS	Present	Present	Present
02	Dr. N. Srikanth, IAS	Present	Present	Relieved
03	Sri B. Sreedhar, IAS	LoA	Present	Present
04	Ms. S. Nagalakshmi, IAS	LoA	LoA	Relieved
05	Sri. V N Babu	Present	Present	Present
06	Smt. T Vanaja	-	-	Appointed

Dr. KVV Satyanarayana, IRAS, Managing Director was invited to attend the Audit Committee Meetings during the year 2021-22.

Corporate Social Responsibility Committee:

Pursuant to Section 135 of the Companies Act, 2013, every Company whose

- Turnover exceeds Rs. 1000 Crores or
- Net Worth exceeds Rs. 500 Crores or
- Net Profit exceeds Rs. 5 Crores

is required to spend 2% of the average net profit of the preceding three financial years towards Corporate Social Responsibility, the activities of which are listed under Schedule VII of the Companies Act, 2013.

The Company obtained a Certificate from M/s Satyanarayana & Associates, Chartered Accountants, for the amount to be spent towards Corporate Social Responsibility (CSR) and it was submitted that a total amount of Rs. 43,86,092.09/- be spent towards CSR during the financial year 2021-22.

Accordingly, a Certificate was obtained from M/s Kunda & Associates, Chartered Accountants, for the amount to be spent towards CSR and it was submitted that a total amount of Rs. 1,70,36,253/- be spent towards CSR during the financial year 2022-23.

Corporate Social Responsibility Committee was formed with the approval of the Board in its meeting held on 04th November 2022 and the following members were appointed as the members of the Committee:

1. Sri. Shamsheer Singh Rawat, IAS
2. Sri. K Vijayanand, IAS
3. Dr. K V V Satyanarayana, IRAS

Risk Management Committee (RMC):

The Risk Management Committee of the Board of Directors of the Company reviews compliance with risk policies, reviews and analyses risk exposures related to specific issues and provides oversight of risk across the Company. The Risk Management process of the Company is governed by the Risk Management Framework which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by risk reporting framework.

The Risk Management Policy was approved by the Board in its 173rd Meeting held on 21st October, 2021.

During the year under review, the Risk Management Committee Meeting met once on the 16th day of March 2022 with the following members being present.



Sl. No.	Name of the Member
01	Dr. K V V Satyanarayana
02	Sri. M V S N Murthy
03	Smt. V Abhinaya
04	Sri. Ramana Reddy

Asset Liability Management Committee (ALCO)

The RBI introduced the Asset- Liability Management (ALM) System, as a part of the Risk Management and control Systems in banks. ALM Policy is aimed at managing the liquidity and interest rate risks. The company majorly depends on borrowings from banks as well ICDs from AP Govt. owned entities for funding its activities. The funds mobilised through these sources at different times have different costs in accordance with movement of interest rates in the market. In the absence of due analysis and proper monitoring of interest rates on borrowings vis a vis loans, it can have adverse impact on the bottom line of the company. It is necessary to address interest rate risk as well, as a part of the Company's risk management.

Further, as per RBI Master Directions & Circular vide DBOD No. BP. BC. 94/ 21. 04. 098/ 98, the Company drafted Asset Liability Management (ALM) Policy and the same was approved in the 167th Board Meeting held on 07th September, 2020. The policy was revised in the 173rd Board Meeting held on 21st October, 2021.

Pursuant to the Policy the ALM Meeting shall be held on a quarterly basis every financial year. During the year under review, The ALM Committee met once during the financial year.

Sl. No.	Name of the Member	ALM 1/2021 17.06.2021	ALM 2/2021 27.07.2021	ALM 3/2021 21.10.2021	ALM 1/2022 16.03.2022
01	Dr. KVV Satyanarayana, IRAS	Present	Present	Present	Present
02	Sri. V N Babu, Director	Present	Present	Present	Present
03	Sr. M V S N Murthy	-	-	Present	Present
04	Smt. V. Abhinaya, Company Secretary	Present	Present	Present	Present
05	Sri M. Ramana Reddy, Chief Financial officer	Present	Present	Present	Present

Grievance Redressal Committee (GRC)

The Grievance Redressal Policy was approved in the 173rd Board Meeting held on 21st October, 2021. The purpose is to ensure "zero" complaints against the company with regard to non-payment or delay in interest/principal payments, failure to ensure transparency in loan agreement, terms and conditions of loan and Fair Practices Code not followed.

During the year under review, the Grievance Redressal Committee Meeting met once on the 16th March 2022 with the following members being present:

Sl. No.	Members Present	GRC 1/2022 16.03.2022
01	Dr. K V V Satyanarayana, IRAS	Chairman
02	Smt. V Abhinaya, CGO	Member - Secretary
03	Sri. Ramana Reddy, CFO	Member



Credit Committee (CC)

The Loan Policy was approved in the 173rd Board Meeting held on 21st October, 2021. The policy document on the Loans & Advances outlines the guiding principles in respect of formulation of various products offered by APPFCL, the terms and conditions governing the conduct of account, the delegated power to the committee/officials and other terms & conditions applicable to such loans. It is expected that this policy will impart greater transparency in dealing with individual customers and create awareness among customers.

During the year under review, the Credit Committee Meeting was held ONCE on the 16th day of March 2022 with the following members being present:

S. No.	Members Present	CC 1/2022 16.03.2022
01	Dr. K V V Satyanarayana, IRAS	Present
02	Sri. M V S N Murthy, CRO	Present
03	Sri. Ramana Reddy, CFO	Present
04	Smt. V Abhinaya, CS	Present

5. Remuneration to Managing Director (Whole-Time Director):

The remuneration to the Whole Time Director of the Company is given in the following table.

Sl No.	Name of the MD/WTD and Manager	Remuneration (Amount in Rs.)						Ceiling as per Act
		Gross salary	Stock option	Sweat Equity	Commission	Others	Total	
1	Dr. K.V.V Satyanarayana, IRAS	4,01,280	Nil	Nil	Nil	Nil	4,01,280	Not Applicable
TOTAL							4,01,280	

6. General Body Meetings:

AGM	Date & Day	Time	Location	Special & Ordinary Resolution
19th	12th February 2020 - Wednesday	01: 30 PM	A.P Secretariat	Ordinary Resolution: <ul style="list-style-type: none"> Adoption of Financial Statements for the FY 2018-19 Appointment of Statutory Auditor for the FY 2019-20
20th	22nd February 2021 - Monday	12:30 PM	A.P Secretariat	Ordinary Resolution: <ul style="list-style-type: none"> Adoption of Revised Financial Statements for the FY 2019-20 Appointment of Statutory Auditor for the FY 2020-21
21st	16th March 2022 - Wednesday	12:00 PM	A.P Secretariat	Ordinary Resolution: <ul style="list-style-type: none"> Adoption of Financial Statements for the FY 2020-21 Taking note of appointment of Statutory Auditor for FY 2021-22 Special Resolution: <ul style="list-style-type: none"> Enhancement of Borrowing Powers of the Board from Rs. 15000 Crs to 25000 Crs



7. CEO/CFO Certification:

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Certificate duly signed by the CFO was placed before the Board of Directors at its meetings held on, 2022 (Copy enclosed at Annexure I of this Report).

8. Shareholder's Information:**a. Annual General Meeting: -**

The 22nd Annual General Meeting shall be held on Friday 31st March 2023. Details regarding participation in the said AGM and other relevant information is appearing in the Notice of the 22nd AGM of the Company.

b. Financial Calendar for FY 2021-22: -

The Financial Year shall be 1st April, 2021 to 31st March, 2022.

c. Details of Stock Exchange: -

The Non-Convertible Debentures are listed with the National Stock Exchange of India Limited (NSE)

Address: Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400051

d. Dividend: -

The Company has not declared Dividend for the FY 2021-22.

e. Registrar and Transfer Agent: -

Communication Address
Karvy Selenium Tower B, plot 31-32,
Financial District, Nanakramguda,
Gachibowli, Hyderabad 500032

f. Credit Rating: -

The ratings for the Bonds issued by APPFCL are provided by CRISIL Limited and ICRA Limited. The ratings for the Bank term loans of the Company will be provided by India Ratings and Research.

During the FY 2021-22, the Rating Agencies reaffirmed/issued ratings to the Company as under:

Name of the Credit Rating Agency	Amount (in Crores)	Rating
CRISIL LTD	3,862.9	CRISIL D (REAFFIRMED)
ICRA LIMITED	4,053.3	ICRA D (REAFFIRMED)
BRICKWORK RATINGS INDIA PVT. LTD.	9,741.33	BWR A (CE) STABLE



Annexure I OF THE REPORT ON CORPORATE GOVERNANCE

CERTIFICATE TO THE BOARD OF DIRECTORS UNDER REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

I hereby certify to the Board of Directors that:

- A. I have reviewed financial statements and the statement of cash flows for the year ended 31.03.2022 and that to the best of my knowledge and belief:
- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. I have indicated to the auditors and the Audit Committee:
- i. Significant changes in internal control over financial reporting during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Vijayawada
Date: **31/03/2023**

Sd/-
M. Ramana Reddy
Chief Financial Officer



CERTIFICATION ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by M/s. Andhra Pradesh Power Finance Corporation Limited (CIN: U40109AP2000SGC107482) ('the Company'), for the year ended March 31, 2022, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The Compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. This responsibility includes the design, implementation, and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Our examination was limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2022.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Vijayawada
 Date: **31/03/2023**

For ASN Associates
 Company Secretaries
 Sd/-

Name: K Surendra
 Partner
 M. No. 34205
 CP. No. 12732
 UDIN. A034205D003360979



Financial Statements

Section 3



Independent Auditor's Report

To the Members of

ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

Report on Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of M/s. Andhra Pradesh Power Finance Corporation Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, aforesaid standalone Ind AS financial statements give the information required by the companies Act, 2013, as amended (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31 March 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis of opinion

We conducted our audit of the standalone Ind AS Financial statements in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the Standalone Ind AS financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements on the basis of our opinion.

Key Audit Matters

Key Audit Matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our description of how our audit addresses the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind As financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind As financial statements.



Key Audit Matters as follows**Impairment loss / Provisioning on advances**

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment allowance is measured as product of the Probability of Default, Exposure at Default and Loss Given Default being the key parameters for assessing the impairment allowance. The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management.</p>	<p>Verification of loan assets with respect to monitoring thereof for recovery/performance aspects and assessment of the loan impairment.</p> <p>Recoveries are verified applying the standard audit procedures. Quality of the borrower is evaluated and tested with key control parameters.</p> <p>Assessment of performance of the loan assets is carried out on the basis of available documents comprising loan papers, financial data, information on public domain, procedure applied by the management e.g. inspection of loans, assessing borrower past records etc.</p> <p>Recoveries in the loan assets are verified to ascertain level of stress thereon and impact as impairment allowance on financial statement.</p> <p>We have discussed with the management regarding the repayment capacity of the borrower and management is confident on the credit worthiness of the borrower as all of them are public sector undertakings and backed by GoAP guarantee.</p>

Other Matter

(i) As per point 'S' in notes to accounts in financial statements, the Government of Andhra Pradesh has granted Rs.1,02,63,60,656/- for the purpose of interest payment on Bond series 1/2019 during the FY 2020-21. However, after redemption of the said bonds along with interest, an amount of Rs. 2,55,06,754/- was remaining unutilised with the Company and it was shown as current liability in the Books of accounts at the end of FY 2020-21.

As per G.O.Rt No. 146 Dt 22-10-2021, GoAP accorded administration sanction to convert unutilized amount of Rs.2,55,06,754/- into paid up share capital but it is continuing as current liability in the books of account at the end of FY 2021-22. The corporation has received approval vide 175th board meeting held on 21.07.2022 for conversion of the amount into equity share capital.

(ii) As per point 'T' in notes to accounts in financial statements, APPFCL has given loans to AP DISCOMs subject to following observations:

- a. Current assets of AP DISCOMs are charged against loans but insurance policies on such current assets are not made available for verification.
- b. Term loan repayments are not commensurate with sanction letters. It is explained that loans given to DISCOMs are backed by sovereign guarantee and the company will obtain board approval for reschedule of term loan repayments in due course.

However, our opinion is not modified in respect of these matters.



Responsibilities of management and those charged with governance for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- However, future events or conditions may cause the Company to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2020 ("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;
 - I. 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;
 - II. 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;
 - III. The Balance Sheet, the Statement of Profit and Loss including the Statement of other Comprehensive income, the Cash Flow Statement and Statement of changes in Equity dealt with by this report are in agreement with the books of account;
 - IV. In our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards referred to in Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;



- V. As per notification number G.S.R. 463(E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;
- VI. 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;
- VII. 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.
- VIII. As per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is being a Government Company; and
- IX. 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position other than those disclosed.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been an occasion during the year in delay of transfer Rs. 46,45,660/- to the Investor Education and Protection Fund being interest on Government Bonds remaining unpaid beyond 7 years. Amount of Rs. 46,45,660/- is still pending as at Audit Report date.
 - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and c) Based on the audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.



- v. The provisions of section 123 of the Companies Act, 2013 are not applicable as the company does not declare any dividend.

Place: Vijayawada
Date: 22-07-2022

For Seshachalam & Co.
Chartered Accountants
Firm Registration. No. 003714S

Sd/-
USNVRC Prabhu
Partner
Membership No. 055839
UDIN: 22055839APOJTI3123



"Annexure A" to the independent Auditors Report

[Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date to the standalone Ind AS financial statements of the Company for the year ended 31st March, 2022]

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- i. In respect of the property, plant & equipment of the Company:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.

The Company has maintained proper records showing full particulars of intangible assets.
 - b. All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us, the Company has no immovable property. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable to the Company and hence not commented upon.
 - d. The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year ended March 31, 2022.
 - e. There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii.
 - a. The Company is a Non-Banking Finance Company and does not have any inventory. Thus, clause 3(ii) (a) of the Order is not applicable to the company and hence not commented upon.
 - b. Company has not obtained any working capital limits in excess of Rupees five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Therefore, in our opinion the provisions of clause 3(ii) (b) of the Order is not applicable to the Company and hence not commented upon.
- iii.
 - a. The company is a Non-Banking Finance Company and provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, LLPs, or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
 - b. During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies, firms, LLPs, or any other parties are not prejudicial to the Company's interest.



- c. Company has not granted any loan to its subsidiaries and therefore clause 3 (iii)(c) is not applicable.
- d. There are no amounts of loans and advances in the nature of loans granted to companies, firms, LLPs, or any other parties which are overdue for more than ninety days.
- e. The company is a Non-Banking Finance Company and hence the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- f. The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii) (f) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company has not advanced loans to directors/to a company in which the director is interested to which provision of Section 185 of the Act applies and hence not commented upon. In our opinion and according to the information and explanations given to us, the company has made investments and given guarantees/ provided security which is in compliance with the provision of Section 186 of the Act.
- v. The Company has neither accepted any deposits from the public nor accepted any amount which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act, for any of the services rendered by the Company. Accordingly, clause 3(vi) of the order is not applicable to the Company.
- vii.
- a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, income-tax, duty of customs and other statutory dues applicable to it. According to the information and explanations given to us, based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- b. The details of Income Tax dues which have not been deposited as at 31st March 2022 on account of dispute are given below.
- c. Details of dues of Income Tax which have not been deposited as at 31st March 2021 on account of dispute are given below.

Nature of statute	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	2,15,37,500



- viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. a. The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c. The Company has applied the term loans for the purpose for which the loans were obtained.
- d. On an overall examination of the stand-alone financial statements of the company, no funds raised on short term basis have been used for long term purpose by the company.
- e. On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. The Company does not have any subsidiary, associate or joint venture.
- f. The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Accordingly, the requirement to report on clause 3(ix) (f) of the Order is not applicable to the Company.
- x. a. The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x) (a) of the order is not applicable to the company.
- b. The Company has not made any preferential allotment or private placement of shares/ fully or partly or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x) (b) of the order is not applicable to the company.
- xi. a. No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- b. During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor/secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c. We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- xii. The Company is not a Nidhi Company as per the provisions of the Act. Accordingly, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- xiii. Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Standalone Financial Statements, as required by the applicable accounting standards.
- xiv. The Company has an internal audit system commensurate with the size and nature of its business.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, the requirement to report on clause 3(xv) of the Order is not applicable to the Company.



- xvi. a. According to information and explanations given to us and on the basis of our examination, Company is a Non- Banking Finance Company and has obtained registration under Section 45-IA of the Reserve Bank of India Act, 1934.
- b. The company has conducted Non- Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- d. There is no Core Investment Company as a part of the Group. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- xvii. The Company has not incurred cash losses in the current year and preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly, requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- xix. On the basis of the financial ratios disclosed in Standalone Financial Statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors' and management's plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. a. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act.
- b. There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act.

For Seshachalam & Co.
Chartered Accountants
Firm Registration Number.: 003714S

Sd/-
USNVRC Prabhu
Partner
Membership No. 055839
UDIN: 22055839APOJTI3123

Place: Vijayawada
Date: 22-07-2022



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 2022 in conjunction with our audit of the standalone Ind AS 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 with reference to these standalone Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial (“The Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub-section 10 of section 143 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 with these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements.

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 with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at 31st March 2022, 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 Seshachalam & Co.
Chartered Accountants
Firm Registration. No. 003714S

Sd/-
USNVRC Prabhu
Partner
Membership No. 055839
UDIN: 22055839APOJTI3123

Place: Vijayawada
Date: 22-07-2021



Annexure-C to the Auditor's Report

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 2022.

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 system in place to process all the accounting transactions through IT system? If yes the implication of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, maybe stated.	The company has processed all the accounting transactions through IT system. As per explanation and information given to us and records verified by us there are no accounting transactions outside IT System.
2	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	As per explanation and information given to us and records verified by us there is no restructuring of a loan or cases of waive off or write off of any debts/loans or interest.
3	Whether funds (grants/subsidy etc.) received /receivable for specific schemes from central/state Government or its agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	As per explanation and information given to us and records verified by us the company does not receive any funds under specific schemes from Central/State agencies. However, APPFCL received reimbursement of interest payable to bond holders from GoAP and as per G.O.Rt No. 09 Dt 07-02-2020 company received Rs. 102,63,60,656 towards payment of interest on APPFC Vidyut Bonds for the series 1/2019. Of which corporation utilized Rs. 1,00,08,53,902 only for repayment on interest during the FY 2020-21 and the utilised amount of Rs. 2,55,06,754 was shown in other current liabilities as on 31st March, 2021. As per G.O.Rt No. 146 Dt 22-10-2021, GoAP accorded administration sanction to convert unutilized amount of Rs. 2,55,06,754 into paid up share capital of APPFCL. The corporation has received approval vide 175th board meeting held on 21.07.2022 for conversion of the amount into equity share capital.

For Seshachalam & Co.
Chartered Accountants
Firm Registration. No. 003714S

Sd/-
USNVRC Prabhu
Partner
Membership No. 055839
UDIN: 22055839APOJTI3123

Place: Vijayawada
Date: 22-07-2022



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

As required by section 143(5) of the companies act 2013 and in continuation to our audit report dated July 22, 2022 issued to Andhra Pradesh Power Finance Corporation Limited for the year ended March 31, 2022, we give this supplementary report on the directions and sub directions issued by the Comptroller & Auditor General of India, to the extent applicable as per the information and explanations given to us during the course of our audit and the audit procedures conducted by us, we report that:

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

Sl. No.	Description	Observation
1	In case of works executed with the funds of Central or State government(s)/ other user department(s) or their agencies, whether there is conclusive evidence that the assets created will be the assets of the PSU? If not, the accounting treatment of the funds received, utilised, returned, assets created upto and during the year (work-in-progress or completed), assets handed over to the fund-giving agency upto and during the year, assets impaired, if any, and the revenue/ commission/ centage realised on these works, with full quantitative details may be detailed.	There are no such works executed by the company.
2	Where Grants are received from Central or State government(s)/ other user department(s) or their agencies, a. Where grants are taken as revenue for the year, whether the concerned orders are clear that the funds can be utilised for revenue expenditure.	The company has not received any grants from central or state Government.
	b. Where guarantee commission is to be paid, the quantitative details viz., amount guaranteed, rate of guarantee commission, whether the commission was paid or payable along with the details of the purpose of raising the funds with guarantee and whether the funds were utilised for the stated purpose;	As per G.O.MsNo.446 dt.29.09.2003 the consolidated guarantee commission @ 2% on the guaranteed amount of Rs.10,000 crores for entire guarantee period works out to Rs.200.00 crores. Of which the company has paid guarantee commission of Rs.30.00 crores to Government of Andhra Pradesh (GoAP) during the FY 2021-22 as per GoAP letter no.FIN01-BUGT0MISC/40/2021-CDM(C. No:1602730) dt.24.03.2022; GoAP had issued guarantee to the company in respect of loans borrowed for the purpose of onward lending to the AP power sector utilities. and the borrowed amounts have been utilized for the said purpose.
3	Where any long term liability is undertaken against an asset of finite lifetime, whether there is a clear accounting policy thereon.	No such Instances have been noticed during the period under consideration.
4	Whether the corresponding expenditure on which the taxes paid/payable are accounted in the financial statements is also included appropriately	Yes
5	Whether there is a Public Deposit account in the name of the PSU? If yes,:	Yes
	a. Funds debited from the PD account erroneously/ lapsed by the treasury but claimed by the Company as receivable/ its own funds;	No amount is lapsed in PD account of the company during FY 2021-22.



	b. If any funds given by any Government or agencies other than the State Government were lapsed, the details of the same may be detailed;	No amount is lapsed in PD account of APPFCL during FY 2021-22.
	c. Details of the funds raised through loans (with or without government guarantee) and deposited in PD Account; Purpose of the loans and whether the purpose is initiated/completed.	The company has not deposited any funds in PD account since no such funds are raised during the year under consideration.
	d. Whether suitable disclosure on the restrictions or additional permissions required on withdrawing the funds in PD Accounts is included or not.	No, This account is being operated for a limited purpose of paying salary to an employee deputed by APCOS. The account shows a nominal balance of Rs.58,025/- as on 31-03-2022.
	e. The quantitative details of the bills sent for clearing against the PD account balances but not cleared/ returned unpaid as on the reporting date along with age- wise analysis	No bills were outstanding/ returned during the year under consideration.
6	Where funds are raised by the Company and the payment of Principal or Interest or both are met by the State Government or its agencies, directly or indirectly, the details and the purpose of these loans may be stated along with the fact whether the funds were utilised for the stated purpose.	<p>The company has raised an amount of Rs. 4,000 crores through issue of bonds and GoAP has agreed to repay the bonds along with interest. After redemption of part of the bonds along with interest, a sum of Rs. 3850.85 crores is outstanding as on March 31, 2022 which will also be serviced by GoAP.</p> <p>By virtue of state bifurcation & as per expert committee recommendations, bonds liability of Rs. 2,385.00 is also being serviced by GoAP, of which a sum of Rs. 1,879.10crores is outstanding as on March 31, 2022.</p> <p>The aforesaid amounts are borrowed for the purpose of onward lending to the AP Power Sector Utilities and the amounts borrowed are utilized for the said purpose.</p>
7	Whether the land owned by the Company is encroached, under litigation, not put to use or declared surplus. Details may be provided.	The Company has not owned any land, hence this clause is not applicable.
8	Whether the inventory has been taken on the basis of physical verification after adjustment of shortage/ excess found and whether due consideration has been given for deterioration/ obsolescence in the quality which may result into overvaluation of stock?	The Company has no Inventory, hence this clause is not applicable.
9	Whether the cost incurred on abandoned projects has been written off?	The company has no abandoned projects, hence this clause is not applicable.
10	Cases of wrong accounting of interest earned on account of non-utilization of amounts received for certain projects/schemes may be reported.	No such income has been earned by the company during the period under review.
11	Whether the bifurcation plan (between Andhra Pradesh & Telangana States), if any, for the Company is finalised and approved; Whether the accounting treatment as per the plan and the suitable detailed disclosures are given. Deviations may be stated.	The Expert Committee for Approval of the Demerger Proposals of Government Companies/Corporations/Entities in the Schedule IX of AP Re-organisation Act, 2014 chaired by Dr. (Mrs) Sheela Bhide I.A.S (Retd) has recommended apportionment of Bond Liability as on 02.06.2014 between M/s. APPFCL and M/s. TSPFCL in the ratio of 40.46% and 59.54% respectively, however TSPFCL had raised an objection vide it's letter dated 28.04.2015, 11.05.2015, 26.05.2015, 29.06.2015, 26.08.2015 and 24.09.2015 etc., addressed to Managing Director of



		APPFCL over the allocation of 'Outstanding Bonds' (as on 02.06.2014) amounting to Rs. 5,894.60 Crores, in the ratio of 59.54% of Rs. 3,509.60 Crores to TSPFCL and 40.46% of Rs. 2,385.00 Crores to APPFCL as per G.O. Ms. No. 28 dated 30.05.2014, claiming that the ratio of allocation was not in accordance with the provisions of Sec. 68 read with Sec. 53 of A.P. Re-organisation Act, 2014. However, the accounting treatment made by the Company is in line with the recommendations of the Expert Committee.
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B) Report on Sub Directions u/s 143(5) of the Companies Act 2013 as applicable to Finance Sector:

1	Whether the Company has complied with the directions issued by The Reserve Bank of India for:	
	a. Non-Banking Finance Companies (NBFCs)	Yes
	b. Classification of non-performing assets	Yes
	c. Capital adequacy norms for NBFCs	Yes
2	Whether the Company has a system to ensure that loans were secured by adequate security. Whether encumbrances have first charge on the mortgaged assets. Further instances of delay in disposal of seized units may be reported.	Yes, the company has a system to ensure that loans were adequately secured. Borrowers have created first charge on the mortgaged assets in favour of the company. There were no instances where there is requirement of any disposal of seized units.
3	Whether introduction of any scheme for settlement of dues and extensions thereto complied with policy/ guidelines of Company/ Government.	No such scheme for settlement has taken place during FY 2021-22.
4	Whether the bank guarantees have been revalidated in time?	The Company has no bank guarantees.

For Seshachalam & Co.
Chartered Accountants
Firm Registration. No. 003714S

Sd/-
USNVRC Prabhu
Partner

Membership No. 055839
UDIN: 22055839APOJTI3123

Place: Vijayawada
Date: 22-07-2022



NON - BANKING FINANCIAL COMPANIES AUDITOR'S REPORT FOR THE YEAR ENDED 31st MARCH 2022

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 31.03.2022.
2. According to information and explanation given to us, the RBI Directions as to deposits are not applicable to the Company, since the company is not accepting any public deposits.
3. The Company has not accepted any public deposits during the year 2021-2022.
4. The financial statements of the Company for the year 2021-22 have been prepared in accordance with recognition and measurement principles of Ind AS prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there under.

Accordingly, the Company is following the methodology for computation of Impairment allowance towards provisioning for its loan assets and classification thereof as per Ind AS 109. The Company is of the opinion that the likelihood of default by the borrowers is very minimal. However, the Company has decided to make an impairment loss to the extent prescribed by the RBI norms.

For Seshachalam & Co.
Chartered Accountants
Firm Registration. No. 003714S

Place: Vijayawada
Date: 22-07-2022

Sd/-
USNVRC Prabhu
Partner
Membership No. 055839
UDIN: 22055839APOJTI3123



Statutory Auditors' Certificate (SAC)

We have examined the books of accounts and other records of Andhra Pradesh Power Finance Corporation Limited for the Financial Year ending March 31, 2022. On the basis of the information submitted to us, we certify the following:

Sl. No.	Particulars	Details
1	Name of the company	Andhra Pradesh Power Finance Corporation Limited
2	Certificate of Registration No.	N-09.00266
3	Registered office Address	#48-12-16, 2nd Floor, East Wing, Vidyut Soudha, Gunadala, Vijayawada, Krishna District – 520004
4	Corporate office Address	#48-12-16, 2nd Floor, East Wing, Vidyut Soudha, Gunadala, Vijayawada, Krishna District – 520004
5	The company has been classified by RBI as: (Investment Company/Loan Company/AFC/NBFC-MFI/ NBFC- Factor/ IFC/ IDF- NBFC)	NBFC
6	Net Owned Fund (in Rs. Crore) (Calculation of the same is given in the Annexure -A)	537.59
7	Total Assets (in Rs. Crore)	18,539.15
8	Asset-Income pattern: (in terms of RBI Press Release 1998-99/1269 dated April 8, 1999) a) % of Financial Assets to Total Assets b) % of Financial Income to Gross Income (NBFC-Factor / NBFC-MFI / AFC / IFC may also report separately below)	a) 99.81 b) 100
9	Whether the company was holding any Public Deposits, as on March 31, 2022? If Yes, the amount in Rs. Crore	No
10	Has the company transferred a sum not less than 20% of its Net Profit for the year to Reserve Fund? (in terms of Sec 45-IC of the RBI Act, 1934).	Yes
11	Has the company received any FDI? If Yes, did the company comply with the minimum capitalization norms for the FDI?	No
12	If the company is classified as an NBFC-Factor; a) % of Factoring Assets to Total Assets b) % of Factoring Income to Gross Income	NA



13	If the company is classified as an NBFC-MFI; % of Qualifying Assets to Net Assets (refer to Notification DNBS.PD.No.234 CGM (US) 2011 dated December 02, 2011)	NA
14	If the company is classified as an AFC; a) % of Advances given for creation of physical/real assets supporting economic activity to Total Assets b) % of income generated out of these assets to Total Income	NA
15	If the company is classified as an NBFC-IFC % of Infrastructure Loans to Total Assets	NA
16	Has there been any takeover/acquisition of control/ change in shareholding/ Management during the year which required prior approval from RBI? (please refer to Master Directions issued by DNBR i) Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Compa- ny (Reserve Bank) Directions;and ii) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions.)	No

In terms of Chapter II of the Master Direction- Non-Banking financial Companies Auditor's Report (Reserve bank) Directions, 2016, a separate report to the Board of Directors of the company has been prepared.

I have read and understood Chapter III of the Master Direction- Non Banking Financial Companies Auditor's Report (Reserve bank) Directions, 2016.

For Seshachalam & Co.
Chartered Accountants
Firm Registration. No. 003714S

Sd/-
USNVRC Prabhu
Partner
Membership No. 055839
UDIN: 22055839APOJTI3123

Place: Vijayawada
Date: 22-07-2022



Annexure – A

Sl. No.	Capital Funds – TIRE I	(Rs. In Crores)
1	Paid up Equity Capital	348.37
2	Pref Shares to be compulsorily converted in to equity	-
3	Free Reserves	
	a. General Reserve	
	b. Share Premium	
	c. Capital Re serves	
	d. Debenture Redemption Reserve	
	e. Capital Redemption Reserve	
	f. Credit Balance in P&L Account	123.54
	g. Other free reserves	
4	Special Reserves	65.67
	Total of 1 to 4	537.59
5	Less: i. Accumulated balance of loss	
	ii. Deferred Revenue Expenditure	
	iii. Deferred Tax Assets (Net)	
	iv. Other intangible Assets	
	Owned Funds	537.59
6	Investment in shares of	-
	i. Companies in the same group	
	ii. Subsidiaries	
	iii. Wholly Owned Subsidiaries	
	iv. Other NBFCs	
7	Book value of debentures, bonds outstanding loans and advances, bills purchased and is counted (including H.P. and lease finance) made to, and deposits with	
	i. Companies in the same group	
	ii. Subsidiaries	
	iii. Wholly Owned Subsidiaries/Joint Ventures Abroad	
8	Total of 6 and 7	-
9	Amount in item 8 in excess of 10% of Owned Fund	-
10	Net Owned Fund	537.59

For Seshachalam & Co.
Chartered Accountants
Firm Registration. No. 003714S

Sd/-
USNVRC Prabhu
Partner
Membership No. 055839
UDIN: 22055839APOJTI3123

Place: Vijayawada
Date: 22-07-2022



C & AG AUDIT REPORT



प्रधान महालेखाकार (लेखापरीक्षा) का कार्यालय
आन्ध्र प्रदेश, हैदराबाद - 500 004
OFFICE OF THE PRINCIPAL ACCOUNT GENERAL (AUDIT)
ANDHRA PRADESH, HYDERABAD - 500 004



Lr.No.PAG(AU)/AP/TSC(PSUs)/AMG-II/AA/APPFCL/2022-23/332, Date:16-03-2023

To
Managing Director,
Andhra Pradesh Power Finance Corporation Limited,
48-12-16, 2 nd Floor, East wing, Vidyut Soudha,
Gunadala, Vijayawada,
Andhra Pradesh -520004.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the annual accounts of the **Andhra Pradesh Power Finance Corporation Limited for the year ended 31st March 2022.**

1. I am to forward herewith comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of your Company for the year **2021-22** for necessary action.
2. The date of placing of Comments along with Financial Statements and Auditors' Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meetings be furnished.
3. The date of forwarding the annual report and financial statements of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government of AP for the year **2021-22** for being placed before the Legislature may also be intimated. The date on which Annual Report is tabled in the Legislature may also be intimated.
4. Five copies of the annual report for the year **2021-22** are to be furnished to this office without fail.

Encl: As above

Yours faithfully,
BHASKAR KALLURU
Sr. Deputy Accountant General

Address : D.No. 27-37-158,8th Floor, Stalin Central Mall, M.G.Road, Governorpet, Vijayawada - 520 002.

Website : www.cag.gov.in/ag/andhra-pradesh/en

e-mail:agauandhrapradesh@cag.gov.in



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 31 MARCH 2022

The preparation of financial statements of **Andhra Pradesh Power Finance Corporation Limited for the year ended 31 March 2022** in accordance with financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 **22.07.2022**.

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 31 March 2022** 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.

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 a better understanding of the financial statements and the related audit report.

A. Comments on Profitability

Statement of Profit and Loss

Expenses

(iv) Other Expenses (Note21): 32.65 crore

Guarantee Commission: 30 crore

1. The GoAP has extended Bank Guarantee to obtain Loans from Banks/financial Institutions or Issue of Bonds for an amount of 10741.33 crore 4741.33 crore vide GO dated 23.09.2019 and 6000 crore vide GO dated 30.03.2020). As per the guidelines issued on Guarantees by the GOAP vide GO Ms.No.446 Dated 29.09.2003, Guarantee commission at the rate of 2% on the Guaranteed amount is payable to the GoAP.

In this regard, GoAP has claimed an amount of 200.00 crore from the company. However, the Company had paid only 30 crores and did not provide for the balance amount of 170.00 crore.

This has resulted in understatement of Guarantee Commission under the head “fees and commission” and “Other Financial Liabilities” by 170.00 crore.

Further grouping of “Guarantee Commission” under “Other expenses” instead of “fees and commission” not in line with the provisions of schedule III of the Companies Act, 2013.

2. Presentation of “Impairment on Financial Asset” below “Profit before exceptional items and tax” instead of “Expenses” has resulted in understatement of “Total Expenses” and overstatement of “Profit before exceptional items and tax” for the year by Rs. 8.19 crore.



B. Comments on Disclosure

Balance Sheet

Assets

Non-Financial Assets

Property, Plant and Equipment (Note7):0.02 crore

3. The note is not in line with the provisions of Guidance Note on Division III- Schedule III to the Companies Act, 2013 as it does not disclose inter alia, the Accumulated Depreciation and Impairment as at the beginning of the year and end of the year.

Notes to Accounts

Note 1: Significant accounting policies and notes to accounts Note-Q

4. The fact that ICDs received from APUDFIF, APPCB and APBOCWW have been extended by 1 year from the date of original maturity is not disclosed. Hence, the note is misleading.

Comments on Auditors' Report:

5. The opinion of the Independent Auditors is incorrect to the extent that they have expressed their opinion on the Statement of Changes in Equity which is not prepared by the Management. C. Other Comments:
6. The financial statements are not IND AS compliant as the same are deficient to the extent that the Statement of Changes in Equity, which is an integral and mandatory part of the financial statements is not prepared.

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

Indu Agrawal

(INDU AGRAWAL)

Principal Accountant General/Audit

**Place: Vijayawada
Date: 02-03-2022**



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 31 MARCH 2022 AND MANAGEMENT'S REPLY THERETO

Comments of AG	Managements Reply
<p>The GoAP has extended Bank Guarantee to obtain Loans from Banks/ Financial Institutions for Issue of Bonds for an amount of Rs. 10741.33 crore (Rs. 4741.33 crore vide GO dated 23-09-2019 and Rs. 6000 crore vide GO dated 30-03-2020). As per the guidelines issued on Guarantees by the GoAP vide GO Ms.No.446 Dated 29-09-2003, Guarantee Commission at the rate of 2% on the Guaranteed Amount is payable to GoAP.</p> <p>In this regard, GoAP has claimed an amount of Rs. 200 crore from the company. However, the Company has paid only Rs. 30 crore and did not provide for the balance amount of Rs 170 crore.</p> <p>This has resulted in understatement of Guarantee Commission under the head "Fees and Commission" and "Other Financial Liabilities" by Rs. 170 crore.</p> <p>Further grouping of "Guarantee Commission" under "other expenses" instead of "fees and commission" is not in line with the provisions of Schedule III of Companies Act, 2013.</p>	<p>The GoAP vide its letter Lr.No.FIN01- BUGT0MISC/40/2021-CDM (C.No. 1602730) Dated 22-03-2022 has stated that the total guarantee amount payable by APPFCL is Rs. 200 crore and further vide letter Lr.No.FIN01- BUGT0MISC/40/2021-CDM (C.No. 1602730) Dated 24-03-2022 it was advised to remit a sum of Rs. 30 crore as guarantee commission to the government for FY 2021-22.</p> <p>As there is no certainty that the balance amount is payable, no provision for Rs. 170 crore as been made in the books of accounts.</p> <p>This has been noted for future disclosure and it has no effect on the financial results.</p>
<p>Presentation of "Impairment on Financial Asset" below "Profit before exceptional items and tax" instead of "Expenses" has resulted in understatement of "Total Expenses" and overstatement of "Profit before exceptional items and tax" for the year by Rs. 8.19 crore.</p>	<p>It is submitted that 'Exceptional items' have not been defined in Ind AS. However, paragraph 97 of Ind AS 1 requires that when items of income or expense are material, an entity shall disclose their nature and amount separately.</p> <p>Institute of Chartered Accountant of India has also issued Educational Material on Ind AS 1 on Presentation of Financial Statements.</p> <p>In response to Question No 32 on treatment of exceptional items, the educational material states that as per Ind AS 1, materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.</p>



	<p>As per paragraph 12 of existing Accounting Standard (AS) 5, Net profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, when items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items should be disclosed separately. As referred in AS-5 profit / loss on disposal of Investment should be shown as exceptional item. In this regard, it is submitted that impairment is an incident which is rarer than disposal, hence is surely in nature of exceptional item. Generally, items of income or expense fulfilling the above mentioned criteria are classified as exceptional items and are disclosed separately.</p> <p>Thus, there is no overstatement of exceptional items (impairment loss) and profit before exceptional items and understatement of expenses (Impairment on Financial Asset) by Rs.8.19 crore each.</p>
<p>Property, Plant and Equipment</p> <p>The note is not in line with the provisions of Guidance Note on Division III- Schedule III to the Companies Act, 2013 as it does not disclose inter alia, the accumulated depreciation and impairments as at the beginning of the year and end of the year.</p>	<p>This has been noted for future disclosure and it has no effect on the financial results.</p>
<p>Significant Accounting Policies and Notes to Accounts</p> <p>The fact that ICDs received from APUDFIF, APPCB and APBOCWW have been extended by 1 year from the date of original maturity is not disclosed. Hence, the note is misleading.</p>	<p>This has been noted for future disclosure and it has no effect on the financial results.</p>
<p>Auditors Report</p> <p>The opinion of the Independent Auditors is incorrect to the extent that they have expressed their opinion on the Statement of Changes in Equity which is not prepared by the Management.</p>	<p>The comment was referred to the Statutory Auditors for their remark.</p>
<p>The financial statements are not IND AS compliant as the same are deficient to the extent that the Statement of Changes in Equity, which is an integral and mandatory part of the financial statements is not prepared.</p>	<p>This has been noted for future disclosure and it has no effect on the financial results.</p>



ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED
Standalone Balance Sheet as at 31 March 2022

Sl. No	Particulars	"Note No."	"As on 31.03.2022 (As per Ind AS)"	"As on 31.03.2021 (As per Ind AS)"
	ASSETS			
(1)	Financial Assets			
(a)	Cash and cash equivalents	2	10,30,71,511	30,21,11,148
(b)	Bank Balance other than Cash and cash equivalents	3	1,03,75,765	1,14,72,333
(c)	Loans	4	1,82,76,39,91,399	1,62,38,23,62,000
(d)	Other Financial assets	5	2,15,91,87,685	1,49,51,51,775
	Total Financial Assets (A)		1,85,03,66,26,360	1,64,19,10,97,256
(2)	Non-financial Assets			
(a)	Current tax assets (Net)	6	35,46,51,138	18,65,57,591
(b)	Property, Plant and Equipment	7	2,18,231	47,574
	Total Non Financial Assets (B)		35,48,69,369	18,66,05,165
	Total Assets (A+B)		1,85,39,14,95,729	1,64,37,77,02,422
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	Financial Liabilities			
(a)	Debt Securities	8	61,54,55,83,333	64,11,00,00,000
(b)	Borrowings (Other than Debt Securities)	9	1,17,17,43,84,675	95,21,88,20,487
(c)	Other financial liabilities	10	88,93,97,830	90,76,35,653
	Total Financial Liabilities (A)		1,79,60,93,65,838	1,60,23,64,56,140
(2)	Non-Financial Liabilities			
(a)	Current tax liabilities & provisions	11	40,52,75,331	26,04,42,259
(b)	Deferred tax liabilities (Net)	12	14,693	3,425
(c)	Other non-financial liabilities	13	9,53,622	9,95,077
	Total Non-Financial Liabilities (B)		40,62,43,646	26,14,40,761
(3)	Equity			
(a)	Equity Share capital	14	3,48,37,40,100	3,48,37,40,100
(b)	Other Equity	15	1,89,21,46,144	39,60,65,422
	Total Equity (C)		5,37,58,86,244	3,87,98,05,522
	Total Liabilities and Equity (A+B+C)		1,85,39,14,95,729	1,64,37,77,02,422

Notes annexed hereto form integral part of Standalone Financial Statements

As Per Our Report Of Even Date

For Seshchalam & Co.

Chartered Accountants

FRN 003714S

SD/-

U.S.N.V.R.C Prabhu

Partner

Membership No. 055839

UDIN: 22055839APOJTI3123

For and on behalf of Board of Directors

Sd/-

Dr. K. V. V. Satyanarayana, IRAS

Managing Director

Sd/-

B. Sreedhar, IAS

Director

Sd/-

M Ramana Reddy

Chief Financial Officer

Sd/-

V Abhinaya

Company Secretary

Place : Vijayawada

Date : 22-07-2022



ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED
Standalone statement of Profit/Loss as on 31 March 2022

Sl.No	Particulars	"Note No."	For the year ended 31.03.2022 (As per Ind AS)	For the year ended 31.03.2021 (As per Ind AS)
	REVENUE FROM OPERATIONS			
(i)	Interest Income	16	15,77,86,54,635	12,76,93,71,964
(I)	Total Revenue from operations		15,77,86,54,635	12,76,93,71,964
(II)	Other Income	17	5,29,11,143	2,04,42,582
(III)	Total Income (I+II)		15,83,15,65,778	12,78,98,14,546
	EXPENSES			
(i)	Finance Costs	18	13,52,11,33,397	11,50,79,15,819
(ii)	Employee Benefits Expenses	19	40,73,147	31,71,874
(iii)	Depreciation, amortization	20	76,768	15,418
(iv)	Others expenses	21	32,65,07,964	91,21,805
(IV)	Total Expenses		13,85,17,91,276	11,52,02,24,917
(V)	Profit / (Loss) before exceptional items and tax (III-IV)		1,97,97,74,502	1,26,95,89,630
(VI)	Impairment on Financial Asset		8,18,53,933	65,21,38,000
(VII)	Profit/(Loss) before tax (V -VI)		1,89,79,20,569	61,74,51,630
	"Tax Expense: (1) Current Tax"		40,18,28,578	25,56,33,553
	(2) Deferred Tax		11,268	3,425
(VIII)	Total Tax Expense		40,18,39,846	25,56,36,978
(IX)	Profit / (Loss) for the period from continuing operations(VII-VIII)		1,49,60,80,722	36,18,14,652
(X)	Profit/(Loss) from discontinued operations		-	-
(XI)	Tax Expense of discontinued operations		-	-
(XII)	"Profit/(Loss) from discontinued operations(After tax) (X-XI)"		-	-
(XIII)	Profit/(Loss) for the period (IX+XII)		1,49,60,80,722	36,18,14,652
(XIV)	Other Comprehensive Income			
	"(A) (i) Items that will not be reclassified to profit or loss"		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	Subtotal (A)		-	-
	"(B) (i) Items that will be reclassified to profit or loss (specify items and amounts)"		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss"		-	-
	Subtotal (B)		-	-
	Other Comprehensive Income (A + B)		-	-



(XV)	"Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)"		1,49,60,80,722	36,18,14,652
(XVI)	Earnings per equity share			
	Basic (Rs.)		42.94	10.39
	Diluted (Rs.)		42.94	10.39

See Accompanying notes to Financial Statements

As Per Our Report Of Even Date

For Seshchalam & Co.

Chartered Accountants

FRN 003714S

For and on behalf of Board of Directors

SD/-

U.S.N.V.R.C Prabhu

Partner

Membership No. 055839

UDIN: 22055839APOJTI3123

Sd/-

Dr. K. V. V. Satyanarayana, IRAS

Managing Director

Sd/-

B. Sreedhar, IAS

Director

Sd/-

M Ramana Reddy
Chief Financial Officer

Sd/-

V Abhinaya
Company Secretary

Place : Vijayawada

Date : 22-07-2022



ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED
Cash Flow Statement for the year ended 31st March 2022

PARTICULARS		For the year ended	For the year ended
		31-03-2022	31-03-2021
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/(loss) after tax as per Statement of Profit and Loss	1,49,60,80,722	36,18,14,652
	Adjusted For:		
	Depreciation & Assets written off	76,768	15,418
	Deferred Tax Liability/(Asset)	14,693	3,425
	Interest Earned on Fixed Deposits with Banks and IT Refund	-5,09,19,617	-
	Operating profit before working capital changes	1,44,52,52,567	36,18,33,494
	Adjusted For:		
	(Increase)/Decrease in Receivables from AP Govt	47,69,202	14,59,36,723
	(Increase)/Decrease in Financial Assets	-83,68,98,659	-39,52,59,891
	Increase/(Decrease) in Bonds outstanding	-2,56,44,16,667	3,65,90,00,000
	Increase/(Decrease) in Inter Corporate Deposits	10,76,00,00,000	7,85,00,00,000
	Increase/(Decrease) in Bank Loans	11,19,55,64,189	37,36,88,20,487
	(Increase)/Decrease in Advances to AP Power Utilities	-20,38,16,29,399	-51,85,63,62,000
	Increase/(Decrease) in Trade Payables & Other Financial Liabilities	12,65,50,370	19,56,90,504
	(Increase)/Decrease in Net Current Assets	-1,69,60,60,965	-3,03,21,74,177
	Net Cash Flow from Operating Activities (A)	-25,08,08,398	-2,67,03,40,683
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	(Increase)/Decrease in Net Investments	-	-
	(Purchase)/Sale of Fixed Assets	-2,47,424	-62,990
	Interest Received	5,09,19,617	-
	Net Cash Flow from Investing Activities (B)	5,06,72,193	-62,990
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Increase/(Decrease) in Equity Share Capital	-	42,40,00,000
	Net Cash Flow from Investing Activities (C)	-	42,40,00,000
	Net (Decrease)/ Increase in Cash and Cash equivalents (A+B+C)	-20,01,36,205	-2,24,64,03,673
	Add: Cash and Cash Equivalents at the beginning the year	31,35,83,481	2,55,99,87,152
	Cash and Cash Equivalents at the end of the year	11,34,47,276	31,35,83,479



Reconciliation of Cash & Cash Equivalents		
Cash in Hand	-	-
Cash at Bank		
a) In Current Account	9,96,69,341	30,18,25,891
b) In No-Lien Accounts	1,37,77,627	1,15,08,706
c) Escrow Accounts	308	2,48,884
Total Cash & Cash Equivalents at the end of the year	11,34,47,276	31,35,83,481

As Per Our Report Of Even Date

For Seshchalam & Co.

Chartered Accountants

FRN 003714S

For and on behalf of Board of Directors

Sd/-

U.S.N.V.R.C Prabhu

Partner

Membership No. 055839

UDIN: 22055839APOJTI3123

Place : Vijayawada

Date : 22-07-2022

Sd/-

Dr. K. V. V. Satyanarayana, IRAS

Managing Director

Sd/-

M Ramana Reddy
Chief Financial Officer

Sd/-

B. Sreedhar, IAS

Director

Sd/-

V Abhinaya
Company Secretary



ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED
#48-12-12,2nd Floor,East Wing,Vidyut Soudha, Gunadala,Vijayawada - 520004

Notes to account for balance sheet

		31-03-2022	31-03-2021	31-03-2020
		Rs.	Rs.	Rs.
Note 2	Cash and Cash Equivalents			
	(i) Balances with Scheduled Bank			
	a. In Current Account with SBI	9,96,69,341	30,18,25,891	2,55,98,19,313
	b. No - Lien Account SBI	34,01,862	36,373	1,51,559
	c. Bank of India - Escrow A/c.	-	99,274	-
	d. Bank of Baroda - Escrow A/c.	-	1,28,221	-
	e. State Bank of India - Escrow A/c.	-	-	-
	f. Canara Bank - Escrow A/c.	-	17,684	-
	g. Union Bank of India - Escrow A/c.	308	3,705	-
	(ii) Cash on Hand	-	-	12,104
		10,30,71,511	30,21,11,148	2,55,99,82,976
Note 3	Bank Balance other than Cash and Cash Equivalents			
	a. No Lien Account - 62265296302	2	2	-
	b. No Lien Account - 38356359860	293	290	940
	c. No Lien Account - 38356342256	1,887	1,887	3,237
	d. No Lien Account - 62213387439	30,88,366	30,89,015	-
	e. No Lien Account - 62235605816	12,16,574	12,17,223	-
	f. No Lien Account - 52117479165	23,22,180	23,22,829	-
	g. No Lien Account - 62167470827	34,90,946	45,84,272	-
	h. No Lien Account - 52117469464	1,81,318	1,81,967	-
	i. No Lien Account - 52117474699	-	-	-
	j. No Lien Account - 52117469442	-	-	-
	k. No Lien Account -52117479176	74,199	74,848	-
	Total	1,03,75,765	1,14,72,333	4,177
Note 4	Loans			
	a. Loans and Advances to AP Discom's - From Banks & Owner Funds	1,21,95,24,00,000	98,92,45,00,000	
	b. Loans and Advances to AP Discom's - Receivable from Govt. of Andhra Pradesh	57,29,95,83,332	59,86,40,00,000	
	c. Loans and Advances to AP Discom's - Through Issue of Bonds	4,24,60,00,000	4,24,60,00,000	
	Total (d)=(a+b+c)	1,83,49,79,83,332	1,63,03,45,00,000	
	e. Less: Impairment Loss allowance	73,39,91,933	65,21,38,000	
	Net total (d-e)	1,82,76,39,91,399	1,62,38,23,62,000	
Note 5	Other Financial Assets			
	Receivable from Andhra Pradesh Buildings and Other Construction workers Welfare Board	-	47,69,202	-
	Interest Receivable From AP Genco	3,14,92,603	-	-
	Interest Receivable From APPDCL	4,66,27,397	-	-



	Interest Receivable on Advances	1,88,11,475	81,25,78,417	1,28,39,31,046
	Receivable from Telanagana State Government	12,55,278	12,55,278	12,54,388
	CDSL Fee Receivable - TSPFCL	36,887	-	-
	NSDL Fee Receivable - TSPFCL	36,887	-	-
	NSE Listing Fee Receivable - TSPFCL	88,528	-	-
	DSRA- Fixed Deposits with Bank	1,26,88,23,918	67,55,27,490	-
	Security Deposit	8,00,000	8,00,000	-
	APCOS PD Account	58,025	67,890	-
	Temporary Advance	4,463	1,53,498	-
	Interest Accrued But Not Due on BOI FD	3,98,39,894	-	-
	Interest Accrued But Not Due on CBOI FD	10,92,701	-	-
	Interest Receivable But not Due	75,02,19,629	-	-
		2,15,91,87,685	1,49,51,51,775	1,28,51,85,434
Note 6	Current Tax Assets (NET)			
	TDS Receivable 2020-21	12,64,041	25,47,591	12,64,041
	Advance Tax 2021-22	34,85,36,168	18,40,10,000	-
	TDS Receivable 2021-22	48,50,569	-	-
	GST Cash Ledger	360	-	-
		35,46,51,138	18,65,57,591	12,64,041
Note 8	Debt Securities			
	1/2010 Bonds Issue 17th Series	3,68,30,00,000	3,68,30,00,000	
	1/2011 Bonds Issue 18th Series	58,80,00,000	62,10,00,000	
	2/2011 Bonds Issue 19th Series	1,97,00,00,000	3,01,00,00,000	
	1/2012 Bonds Issue 20th Series	1,27,10,00,000	1,27,10,00,000	
	2/2012 Bonds Issue 21st Series	4,04,60,00,000	4,04,60,00,000	
	3/2012 Bonds Issue 22nd Series	7,23,30,00,000	7,23,30,00,000	
	1/2020 Bonds Issue 23rd Series	16,40,55,83,333	17,89,70,00,000	
	2/2020 Bonds Issue 24th Series	20,00,00,00,000	20,00,00,00,000	
	3/2020 Bonds Issue 25th Series	2,51,90,00,000	2,51,90,00,000	
	4/2020 Bonds Issue 26th Series	3,83,00,00,000	3,83,00,00,000	
	Total (A)	61,54,55,83,333	64,11,00,00,000	
Note 9	Borrowings Other than Debt Securities *			
	State Bank of India	14,05,75,43,218	14,99,96,03,178	
	Andhra Bank	14,99,62,39,773	15,00,72,22,220	
	Canara Bank	19,99,52,78,065	19,87,00,29,891	
	Bank of Baroda	14,99,28,59,479	7,49,69,65,198	
	Bank of India	29,52,24,91,335	29,99,50,00,000	
	Indian Overseas Bank	4,99,99,72,805	-	
	Total (A)	98,56,43,84,675	87,36,88,20,487	
	Inter Corporate Deposits			
	AP Buildings and Other Construction workers Welfare Board	1,44,00,00,000	1,44,00,00,000	
	AP Pollution Control Board	1,00,00,00,000	1,00,00,00,000	
	AP Southern Power Distribution Corporation Limited Pension & Gratuity	8,19,00,00,000	4,16,00,00,000	



	AP Urban Development Fund	1,25,00,00,000	1,25,00,00,000	
	AP Eastern Power Distribution Corporation Limited Pension & Gratuity	2,20,00,00,000	-	
	AP Solar Power Corporation	4,53,00,00,000	-	
	Total (B)	18,61,00,00,000	7,85,00,00,000	
	Borrowings Other than Debt Securities (A+B)	1,17,17,43,84,675	95,21,88,20,487	
Note 10	Other financial liabilities			
	Unpaid Interest on Bonds	1,03,81,559	1,14,74,059	12,64,041
	Interest Payables	87,90,16,271	89,61,61,594	-
		88,93,97,830	90,76,35,653	12,64,041
Note 11	Current Tax Liabilities			
	Provision for Income Tax FY 2021-22	40,18,28,578	25,56,33,553	1,27,28,726
	Provision for Income Tax FY 2020-21	-3,130	-	
	MAT Credit Reversal	-	-	-42,345
	CGST 9%	39,060	-	
	IGST	3,000	-	
	SGST 9%	39,060	-	
	GST Payable	-	-	665
	TDS Payable	33,25,699	48,05,538	1,27,698
	GST TDS	43,064	3,168	-
	Deferred Tax Asset Reversal	-	-	-2,352
		40,52,75,331	26,04,42,259	1,28,12,392
Note 12	Deferred Tax			
	Tax effect of items constituting deferred tax			
	Arising on Account of timing difference in Depreciation	14,693	3,425	-
	Opening Deferred Tax Asset	-	-	-
		14,693	3,425	-
Note 13	Other Non-Financial Liabilities			
	Payable to Creditors	1,15,237	1,15,237	32,45,000
	Professional Charges Payable	2,33,100	2,05,554	
	Guest House Expenses Payable	4,55,087	4,60,788	
	Salaries Payable	23,096	29,214	
	Other Payables	1,27,102	1,84,284	
		9,53,622	9,95,077	32,45,000

As Per Our Report Of Even Date

For Seshchalam & Co.

Chartered Accountants

FRN 003714s

For and on behalf of Board of Directors

Sd/-

U.S.N.V.R.C Prabhu**Partner**

Membership No. 055839

UDIN: 22055839APOJTI3123

Place : Vijayawada

Date : 22-07-2022

Sd/-

Dr. K. V. V. Satyanarayana, IRAS**Managing Director**

Sd/-

M Ramana Reddy
Chief Financial Officer

Sd/-

B. Sreedhar, IAS**Director**

Sd/-

V Abhinaya
Company Secretary

Note : 7 Property Plant and Equipment (PPE)

Particulars	Property, Plant and Equipment				
	Computers	Office Equipments	Furniture & Fixures	Computer Software	Total
Gross carrying amount					
Opening balance as on 31.03.2020	185240	138449	68837		392526
Additions/Adjustments	59990	3000			62990
Deductions/Adjustments					
Closing Balance as at 31.03.2021	245230	141449	68837		455516
Additions/Adjustments	115998	80948		50478	247424
Deductions/Adjustments					
Closing Balance as at 31.03.2022	361228	222397	68837	50478	702940
Accumulated Depreciation					
Opening balance as on 31.03.2020	185239	138449	68836		392524
For the Period	15230	187			15417
On Assets Sold/Written off from books					
Closing Balance as at 31.03.2021	200469	138636	68836		407941
For the Period	58548	12801		5419	76768
On Assets Sold/Written off from books					
Closing Balance as at 31.03.2022	259017	151437	68836	5419	484709
Net Carrying Amount					
As at 31.03.2021	44761	2813	1		47574
As at 31.03.2022	102211	70960	1	45059	218231

Note 14 Changes in Equity

Particulars	Opening Baance 01.04.2021	Issued during the Year	Closing Balance 31.03.2022
Authorised Capital:			
30,00,00,000 Equity shares of Rs.100/- each	30,00,00,00,000	-	30,00,00,00,000
Issued, Subscribed & Paid up Capital:			
348,37,401 Equity Shares of Rs. 100/- each fully paid as on 31.03.2022	3,48,37,40,100	-	3,48,37,40,100

Shares in the Company held by each shareholder holding more than 5% of the shares

Particulars	As at 31.03.2022		As at 31.03.2021	
	No of Shares	% of Equity Share Capital	No of Shares	% of Equity Share Capital
GOVERNOR OF ANDHRA PRADESH	348,37,394	99.99%	348,37,394	99.99%

Shares held by promoters at the end of the year

Particulars	As at 31.03.2022		As at 31.03.2021	
	No of Shares	% of Equity Share Capital	No of Shares	% of Equity Share Capital
GOVERNOR OF ANDHRA PRADESH	348,37,394	99.99%	348,37,394	99.99%
% Change during the year		0.00%		0.00%



Note 15 : Other Equity

Particulars	Securities Premium	Special Reserves	General Reserve	Surplus/(Deficit)	Comprehensive Income	Total
Balance as on 01.04.2021	-	68,34,244	-	2,74,16,526	-	3,42,50,770
Profit After tax during the period to 31.03.2021	-	25,39,27,162	-	10,78,87,490	-	36,18,14,652
Changes in Fair value of Loans and Advances	-	-	-	-	-	-
Actuarial Gain/loss on Gratuity	-	-	-	-	-	-
Amount Spent for CSR	-	-	-	-	-	-
Equity Dividend (Including Dividend Distribution Tax)	-	-	-	-	-	-
Transfer from Surplus Account	-	-	-	-	-	-
Transfer to Special Reserve	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-
Transfer to Reserve Fund	-	-	-	-	-	-
Balance as on 31.03.2022	-	26,07,61,406	-	13,53,04,016	-	39,60,65,422
Profit After tax during the period to 31.03.2022	-	39,59,54,900	-	1,10,01,25,822	-	1,49,60,80,722
Changes in Fair value of Loans and Advances	-	-	-	-	-	-
Actuarial Gain/loss on Gratuity	-	-	-	-	-	-
Amount Spent for CSR	-	-	-	-	-	-
Equity Dividend (Including Dividend Distribution Tax)	-	-	-	-	-	-
Transfer from Surplus Account	-	-	-	-	-	-
Transfer to Special Reserve	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-
Transfer to Reserve Fund	-	-	-	-	-	-
Balance as on 31.03.2022	-	65,67,16,306	-	1,23,54,29,838	-	1,89,21,46,144

As Per Our Report Of Even Date
For Seshchalam & Co.
 Chartered Accountants
 FRN 003714s

For and on behalf of Board of Directors

Sd/-
U.S.N.V.R.C Prabhu
 Partner
 Membership No. 055839
 UDIN: 22055839APOJTI3123

Sd/-
Dr. K. V. V. Satyanarayana, IRAS
 Managing Director

Sd/-
B. Sreedhar, IAS
 Director

Place : Vijayawada
 Date : 22-07-2022

Sd/-
M Ramana Reddy
 Chief Financial Officer

Sd/-
V Abhinaya
 Company Secretary



Notes to Profit and Loss Account

		As on 31-03-2022 Rs.	As on 31-03-2021 Rs.	As on 31-03-2020 Rs.
Note 16	Interest Income			
	Interest on Loans	15,77,86,54,635	12,76,93,71,964	6,87,63,97,384
		15,77,86,54,635	12,76,93,71,964	6,87,63,97,384
Note 17	Other Income			
	Interest on Fixed Deposits	5,09,19,617	2,04,42,582	-
	Pre-closing Charges	19,91,526	-	-
	5,29,11,143	2,04,42,582	-	
Note 18	Finance Costs			
	Interest on Bonds	5,44,04,54,352	5,21,75,79,091	6,02,27,04,205
	Interest on Inter Corporate Deposits	1,13,69,85,476	20,23,54,812	
	Interest on Loans from Banks	6,94,36,84,564	6,08,79,81,916	78,17,14,886
	Bank Charges	9,005		
	13,52,11,33,397	11,50,79,15,819	6,80,44,19,091	
Note 19	Employee Benefit Expenses			
	Staff Salary	39,40,628	26,15,586	-
	Staff Welfare Expense	1,32,519	3,43,216	3,89,437
	Outsourcing Staff	-	2,13,072	
	40,73,147	31,71,874	3,89,437	
Note 20	Depreciation and Amortization			
	Depreciation	76,768	15,418	6,02,27,04,205
	76,768	15,418	6,02,27,04,205	
Note 21	Other Expenses			
	Auditor's Remuneration			
	Audit Expenses	18,238	2,010	
	Internal Audit Fee	35,400	25,000	
	Statutory Audit Fees	88,500	75,000	
	Secretarial Audit Fees	32,800	40,000	
	Tax Audit Fees	6,800	5,000	
	Guest House Expense	53,78,244	34,72,074	
	Guarantee Commission Fee	30,00,00,000	-	
	Listing Compliance Fee	15,44,367	16,59,659	
	Repairs and Maintenance	5,968	10,198	
	Professional Fee	12,01,537	4,38,387	
Office Expense	4,47,251	3,66,448		



Vehicle Hire Expense	12,15,274	8,54,662	
Rates and Taxes	3,540	3,540	
ROC Charges	45,700	16,200	
Other Expenses	6,42,842	21,46,668	
Interest, Late fees and Penalties	1,58,41,503	6,959	
	32,65,07,964	91,21,805	-

As Per Our Report Of Even Date

For EC & Associates

Chartered Accountants

FRN 003714S

For and on behalf of Board of Directors

Sd/-

U.S.N.V.R.C Prabhu

Partner

Membership No. 055839

UDIN: 22055839APOJTI3123

Place : Vijayawada

Date : 22-07-2022

Sd/-

Dr. K. V. V. Satyanarayana, IRAS

Managing Director

Sd/-

M Ramana Reddy

Chief Financial Officer

Sd/-

B. Sreedhar, IAS

Director

Sd/-

V Abhinaya

Company Secretary



(A) Securities

	2020-21				2019-20			
	At Amortised Cost	At Fair Value Through profit or loss	Designated at fair value through profit or loss	Total	At Amortised Cost	Designated at fair value through profit or loss	Total	Total
	(1)	(2)	(3)	(4)=(1)+(2)+(3)	(1)	(3)	(4)=(1)+(2)+(3)	(4)=(1)+(2)+(3)
"Liability component of compound financial Instruments"	-	-	-	-	-	-	-	-
"Others (Bonds/ Debenture etc.)"	64,11,00,00,000.00	-	-	64,11,00,00,000.00	60,45,10,00,000.00	-	60,45,10,00,000.00	60,45,10,00,000.00
Total (A)	64,11,00,00,000.00	-	-	64,11,00,00,000.00	60,45,10,00,000.00	-	60,45,10,00,000.00	60,45,10,00,000.00
"Debt securities in India"	64,11,00,00,000.00	-	-	64,11,00,00,000.00	60,45,10,00,000.00	-	60,45,10,00,000.00	60,45,10,00,000.00
"Debt securities outside India"	-	-	-	-	-	-	-	-
"Total (B) to tally with (A)"	64,11,00,00,000.00	-	-	64,11,00,00,000.00	60,45,10,00,000.00	-	60,45,10,00,000.00	60,45,10,00,000.00



	(Current Year)				(Previous Year)			
	"At Amortised Cost"	"At fair value Through profit or loss"	"Designated at fair value through profit or loss"	Total	"At Amortised Cost"	At Fair Value Through profit or loss	"Designated at fair value through profit or loss"	Total
	1	2	3	4 = 1+2+3	5	6	7	8 = 5+6+7
(a) Term loans:-	98,56,43,84,675	-	-	98,56,43,84,675	87,36,88,20,487	-	-	87,36,88,20,487
(i) from banks	98,56,43,84,675	-	-	98,56,43,84,675	87,36,88,20,487	-	-	87,36,88,20,487
State Bank of India	14,05,75,43,218	-	-	14,05,75,43,218	14,99,96,03,178	-	-	14,99,96,03,178
Andhra Bank	14,99,62,39,773	-	-	14,99,62,39,773	15,00,72,22,220	-	-	15,00,72,22,220
Canara Bank	19,99,52,78,065	-	-	19,99,52,78,065	19,87,00,29,891	-	-	19,87,00,29,891
Bank of Baroda	14,99,28,59,479	-	-	14,99,28,59,479	7,49,69,65,198	-	-	7,49,69,65,198
Bank of India	29,52,24,91,335	-	-	29,52,24,91,335	29,99,50,00,000	-	-	29,99,50,00,000
Indian Overseas Bank	4,99,99,72,805	-	-	4,99,99,72,805	-	-	-	-
(ii) from other parties	-	-	-	-	-	-	-	-
(b) Deferred payment liabilities	-	-	-	-	-	-	-	-
(c) Loans from Related Parties	-	-	-	-	-	-	-	-
(d) Finance lease obligations	-	-	-	-	-	-	-	-
(e) Liability component of compound financial instruments	-	-	-	-	-	-	-	-
(f) Loans repayable on demand:-	18,61,00,00,000	-	-	18,61,00,00,000	7,85,00,00,000	-	-	7,85,00,00,000
(i) from banks	-	-	-	-	-	-	-	-
(ii) from other parties - Inter Corporate Deposits	18,61,00,00,000	-	-	18,61,00,00,000	7,85,00,00,000	-	-	7,85,00,00,000
AP Buildings and Other Construction workers Welfare Board	1,44,00,00,000	-	-	1,44,00,00,000	1,44,00,00,000	-	-	1,44,00,00,000
AP Pollution Control Board	1,00,00,00,000	-	-	1,00,00,00,000	1,00,00,00,000	-	-	1,00,00,00,000
AP Southern Power Distribution Corporation Limited Pension & Gratuity	8,19,00,00,000	-	-	8,19,00,00,000	4,16,00,00,000	-	-	4,16,00,00,000
AP Urban Development Fund	1,25,00,00,000	-	-	1,25,00,00,000	1,25,00,00,000	-	-	1,25,00,00,000
AP Eastern Power Distribution Corporation Limited Pension & Gratuity	2,20,00,00,000	-	-	2,20,00,00,000	-	-	-	-
AP Solar Power Corporation	4,53,00,00,000	-	-	4,53,00,00,000	-	-	-	-
(g) Other loans (specify nature)	-	-	-	-	-	-	-	-
Total (A)	1,17,17,43,84,675	-	-	1,17,17,43,84,675	95,21,88,20,487	-	-	95,21,88,20,487
Borrowings in India	1,17,17,43,84,675	-	-	1,17,17,43,84,675	95,21,88,20,487	-	-	95,21,88,20,487
Borrowings outside India	-	-	-	-	-	-	-	-
Total (B) to tally with (A)	-	-	-	-	-	-	-	-



Note: 1

Significant accounting policies and notes to accounts:

Company Information:

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. Basis of Preparation and Presentation

a. Statement of Compliance

The financial statements have been prepared as a going concern in accordance with the Indian Accounting Standard ("Ind AS"), notified under sec. 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendments Rules, 2016 issued by the Ministry of Corporate Affairs (MCA).

In Addition, the Guidance notes and Announcements issued by the Institute of Chartered Accountants of India are also applied, except where the compliance with other statutory provisions requires difference treatment.

b. Accounting Convention:

The Financial Statements have been prepared under the historical cost convention except for financial instruments that are measured at fair value at the end of each reporting period.

1. The Company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
2. The Receipts in the form of Interest for payment of interest on bonds and interest on loans given to AP DISCOMs of Rs.1,577.86 Crores (Previous year: Rs.1,276.93 Crores), and Reimbursement of expenses incurred by the company on behalf of the Government is NIL for the year Financial Year 2021-22 (Previous Year: NIL).

c. Revenue Recognition:

As per Ind AS 109, Financial Instruments, Interest Income from Financial Assets is recognized on an accrual basis using Effective Interest Rate method (EIR). The effective interest rate method is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts paid or received) through the expected life of the financial instrument to the carrying amount on initial recognition.

Thus, Interest Income is recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of Financial Assets other than credit – impaired assets and financial Assets classified and measured at FVTPL.



d. Finance Costs

As per Ind AS 109, Financial Instruments, finance cost, i.e. interest expenses from financial liabilities is recognized on an accrual basis using effective interest rate method (EIR). The effective interest rate method is the rate that exactly discounts estimated future cash payments (including all interest payments and guarantee commission) through the expected life of the financial instrument to the carrying amount on initial recognition.

The company accounts for the interest expenditure on various series of Bonds, Term Loan from banks in the Statement of Profit & Loss as per Ind AS 109.

e. Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

f. Financial Assets / Liabilities

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortized cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortized cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account. The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

g. Measurement Financial Instruments:

1. At amortized cost

A financial asset is measured at amortized cost only if both of the following conditions are met:

- i. The asset is held within a business model whose objective is to hold them to collect contractual cash flows and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding

Such Financial assets are subsequently measured at amortized cost using the, Effective Interest rate method.



The Loans and Advances given to AP Discom's were measured at amortized cost, since it satisfies the both the conditions specified above.

B. Property, Plant and Equipment:

The property plant and equipment are the assets held for the use in the supply of services.

Cost:

Property, plant and equipments are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, non-refundable duties & taxes and other directly attributable cost of bringing the asset to its working condition for the intended use.

C. 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.

D. Impairment of Financial Assets

Loan assets

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date.
- Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that does not have objective evidence of impairment.
- Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

Loss Given Default (LGD) – LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

Exposure at Default (EAD) – EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.



E. Impairment Reserve

The Reserve Bank of India (RBI) issued Notification No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 in respect of 'Implementation of Indian Accounting Standards' by NBFCs. In terms of the said circular, in case the impairment allowance under Ind AS 109 is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI, the Company is required to appropriate the difference from their net profit after tax to "Impairment Reserve". No withdrawals are permitted from this reserve without prior permission from the Department of Supervision, RBI.

F. Provision on standard Assets/Impairment Loss

APPFCL is registered with the Reserve Bank of India as a Non-Banking Financial Company, bearing registration number N-09.00266 dated 25th day of August, 2000. Hence, the company shall comply with the regulations and guidelines issued by RBI from time to time.

With regard to the Circular RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17 all the NBFCs are required to maintain "Provision on Standard Assets" at 0.40% on the total loans and advances of the company.

The Company shall consider the Impairment on financial assets on Expected Credit loss method as per Ind AS 109. As per Expected credit loss method, the Company has to make impairment based on the probability of default i.e., the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument. The Company is of the opinion that the likelihood of default by the borrowers is very minimal. However, the Company has decided to make an impairment loss to the extent prescribed by the RBI norms.

The Company has created Impairment loss / Provision on Standard Assets in the Financial Year 2021-22 amounting to Rs. 73.39 Crores (Previous Year amounting to Rs.65.21 Crores).



G. Comparison between provision required as per RBI Income Recognition, Asset Classification and Provisioning norms (IRACP) and Impairment Allowance as per Ind-AS

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
Performing Assets							
Standard	Stage 1	18,349.79 Cr	18,349.79 Cr	0	18,349.79 Cr	73.39 Cr	(73.39) Cr
Stage 2							
Sub Total (1)							
Non-Performing Assets							
Substandard Assets	Stage 3						
Doubtful Assets							
Up to 1 Year	Stage 3	Nil	Nil	Nil	Nil	Nil	Nil
1 to 3 Years	Stage 3	Nil	Nil	Nil	Nil	Nil	Nil
More than 3 Years	Stage 3	Nil	Nil	Nil	Nil	Nil	Nil
Subtotal for doubtful assets		Nil	Nil	Nil	Nil	Nil	Nil
Loss Assets	Stage 3	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total for NPA (2)		Nil	Nil	Nil	Nil	Nil	Nil
Total Loan Assets		Nil	Nil	Nil	Nil	Nil	Nil
Other items which are in scope of Ind-AS 109 but not covered under IRACP norms		Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (3)		Nil	Nil	Nil	Nil	Nil	Nil
Total	Stage 1	18,349.79 Cr	18,349.79 Cr	0	18,349.79 Cr	73.39 Cr	(73.39) Cr



H. Debt Securities and Term Loans:

Unsecured Bonds: Rs. 6,154.55 Crores (Previous year Rs. 6,411.00 Crores) and Outstanding Term Loans from Banks of Rs. 9,856.43 Crores (Previous year: 8,736.88 Crores)

- The Company has raised funds through private placement of "APPFC BONDS" in the earlier years under various series, but during the current year 2021-22 the Company has not raised funds through issue of Bonds. The common features of the various series of bonds issued earlier are as under:
- AThe Bonds carry with them an unconditional and irrevocable guarantee, for the due repayment, both interest and principal, of the Government of AP.
- 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.
- The Repayment of Outstanding Term Loans of Rs. 9,856.43 Crores from the banks is guaranteed by the State Government of Andhra Pradesh vide G.O. Ms. No. 38 dated 29.11.2019, G.O. Ms. No. 42 dated 31.12.2019, G.O. Ms. No. 01 dated 23.01.2020, G.O. Ms. No. 12 dated 31.03.2020, G.O. Ms. No. 24 dated 28.09.2020 and G.O. Ms. No. 27 dated 08.12.2020.
- Outstanding amount of APPFC Bonds at the end of year under different series is 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
		31-03-2022	31-03-2021				
1	1/2010	368.30	368.30	8.74	Semi Annual	12	10th Year
2	1/2011	-	2.10	9.10	Semi Annual	10	7th Year
		58.80	60.00	9.60		12	10th Year
3	2/2011	-	63.50	9.85	Semi Annual	10	7th Year
		197.00	237.50	9.97		12	10th Year
4	1/2012	26.30	26.30	9.50	Semi Annual	10	7th Year
		100.80	100.80	9.64		12	10th Year
5	2/2012	404.60	404.60	9.75	Semi Annual	10	7th Year
6	3/2012	723.30	723.30	9.75	Semi Annual	10	7th Year
7	1/2020	1640.55	1789.70	8.2	Quarterly	10	NA
8	2/2020	2000.00	2000.00	8.2	Quarterly	8	NA
9	3/2020	251.90	251.90	8.2	Quarterly	8	NA
10	4/2020	383.00	383.00	7.5	Quarterly	8	NA



During the year, APPFCL has completely redeemed Listed Bond Series 1/2011 option A (ROI 9.10%) amounting to Rs.2.10 Crores on 15th December 2021 vide GO Rt. No. 167 dated 19th November, 2021.

During the year, APPFCL has partially redeemed Listed Bond Series 1/2011 option B (ROI 9.60%) amounting to Rs. 1.20 Crores on 15th December 2021 vide GO Rt. No. 174 dated 06th December, 2021.

During the year, APPFCL has completely redeemed Listed Bond Series 2/2011 option A (ROI 9.85%) amounting to Rs. 63.50 Crores on 30th January 2022 vide GO Rt. No. 4 dated 17th January, 2022.

During the year, APPFCL has partially redeemed Listed Bond Series 2/2011 option B (ROI 9.97%) amounting to Rs. 40.50 Crores on 30th January 2022 vide GO Rt. No. 4 dated 17th January, 2022.

During the year, APPFCL has partially redeemed Unlisted Bond Series 1/2020 (ROI 8.20%) amounting to Rs. 49.71 Crores on 20th July 2021, Rs. 49.71 Crores on 20th October 2021 and Rs. 49.71 Crores on 20th January 2021 vide GO Rt. No. 74 dated 16th June, 2021, GO Rt. No. 132 dated 09th October, 2021 and GO Rt. No. 180 dated 17th December, 2021.

f. Outstanding amount of APPFC term loans at the end of year as follows:

Bank Name	Sanctioned Dated	Loan Availed Amount	Outstanding	Overdues	Latest ROI	Tenure of the Loan
SBI Bank loan	17.12.2019	1500.00	1405.75	NIL	7.55%	2yrs moratorium, 32 quarterly instalments commencing from 3rd Quarter of FY 2021-22
Union Bank	31.12.2019	1500.00	1499.62	NIL	7.25%	3yrs moratorium, 48 quarterly instalments commencing from 31.01.2023
Canara Bank	15.02.2020	600.00	1999.53	NIL	7.50%	3yrs moratorium, within 12 years in 48 quarterly instalment period
Canara Bank	17.03.2020	1400.00		NIL		
Bank of India	09.04.2020	2000.00	2952.25	NIL	7.35%	3yrs moratorium, 12 years in 48 quarterly instalment period
Bank of India	30.09.2020	1000.00		NIL	7.25%	1yr moratorium, 11 years in 44 Quarterly instalment period
Bank of Baroda	11.12.2020	750.00	1499.29	NIL	7.30%	2yrs moratorium, within 8 years in 32 quarterly instalments
Bank of Baroda	14-10-2021	750.00		NIL	7.35%	2yrs moratorium, within 8 years in 32 quarterly instalments
Indian Overseas Bank	27.08.2021	500.00	499.99	NIL	7.45%	2yrs moratorium, within 8 years in 32 quarterly instalments
TOTAL BANK LOANS		10000.00	9856.43			

Note:- 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. However, TDS was deducted on the Interest Amounts payable on Unlisted Bonds wherever applicable.



I. Loan to AP DISCOMs:

The funds mobilized up to 31-03-2022 through issue of Bonds, by way of Loans from banks and from Owner Funds i.e., through issue of equity shares have been deployed by way of "Loan to AP DISCOMs" to the extent of Rs. 18,349.79 Crores (Rs. 16,303.45 Crores as at 31-03-2021).

Particulars	As on 31-03-2022 (Rs. in Crore)	As on 31-03-2021 (Rs. in Crore)	As on 31-03-2020 (Rs. in Crore)
Financial Assets:			
-Loan to DISCOMs	18,349.79	16,303.45	11,052.60
-Call Option	-	-	-
Total :	18,349.79	16,303.45	11,052.60
Current Assets:			
Other Current Assets	NIL	NIL	NIL
Total :	18,349.79	16,303.45	11,052.60

J. Managerial Remuneration:

Particulars	Managing Director		
	2021-22 Rs.	2020-21 Rs.	2019-20 Rs.
Salaries, Allowances	--	--	--
Contribution to Provident Fund and welfare fund	--	--	--
Others – Additional Charge allowance to Managing Director	4,09,120.00	3,43,216.00	3,89,437.00

K. Contingent Liabilities:

Particulars	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Income tax claims against the company not acknowledged as debts (AY 2012-13)	2,15,37,500	2,15,37,500
Trustee fees – SBICAP (TS Share)	4,67,233	4,67,233

- L. As per Expert Committee Report the total bifurcated bond liability, after redeeming Bonds amounting to Rs.1250.26 Crores from the date of bifurcation to till the end of the current financial year, as on 31st March, 2022 was Rs. 4,644.34 Crores, of which share of APPFCL is Rs. 1,879.10 Crores and the share of TSPFCL is Rs. 2,765.24 Crores.

The Expert Committee for Approval of the Demerger Proposals of Government Companies/Corporations/Entities in the Schedule IX of AP Reorganisation Act, 2014 chaired by Dr. (Mrs) Sheela Bhide I.A.S (Retd) has recommended apportionment of Bond Liability as on 02.06.2014 between M/s. APPFCL and M/s. TSPFCL in the ratio of 40.46% and 59.54% respectively, however TSPFCL had raised an objection vide it's letter dated 28.04.2015, 11.05.2015, 26.05.2015, 29.06.2015, 26.08.2015 and 24.09.2015 etc., addressed to Managing Director, APPFCL over the allocation of 'Outstanding Bonds' (as on 02.06.2014) of Rs. 5,894.60 Crores, in the ratio of 59.54% of Rs. 3,509.60 Crores to TSPFCL and 40.46% of Rs. 2,385.00 Crores to APPFCL as per G.O. Ms. No. 28 dated 30.05.2014, claiming that the ratio of allocation was not in accordance with the provisions of Sec. 68 read with Sec. 53 of A.P. Re organisation Act, 2014.



- M. According to the information, 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 31-03-2022 for a period of more than six months from the date they become payable. The Company 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 AY 2012-13) bearing the Income Tax demand due to Non-Deduction of TDS on interest on application money of Rs. 4,93,77,480/- paid to various organizations and hence the corporation has not provided for the demand in the books as on 31st March, 2022.
- N. Following are the bank accounts reflected in the Books of Accounts and the same is reconciled as on 31.03.2022 by the management:

Sl. No.	Particulars	A/C No.
1	Current Account with SBI	52117468653
2	APPFCL Bond Servicing Account Series 1/2019.	38356342256
3	No Lien Account – Series I, II, III & IV/ 2020	38356359860
4	No-Lien A/C	62443536820
5	Bank of India – Escrow A/c	860520110000534
6	Bank of Baroda – Escrow A/c	26360200007815
7	Canara Bank – Escrow A/c	2985201000189
8	Andhra Bank – Escrow A/c	119211100003059
9	No Lien Account – Series II/2000	52117469464
10	No Lien Account – Series I/2002	52117469442
11	No Lien Account – Series II/2002	52117469699
12	No Lien Account – Series I/2004	52117479176
13	No Lien Account – Series I/2005	52117479165
14	No Lien Account – Series I/2010	62167470827
15	No Lien Account – Series I/2011 & II/2011	62213387439
16	No Lien Account – Series I/2012	62235605816
17	No Lien Account – Series II/2012	62247099961
18	No Lien Account – Series III/2012	62265296302
19	State Bank of India – Escrow A/c.	39004894121

- O. With respect to G.O. Ms. No. 39 & G.O.Ms.No.4, dated 02nd December, 2019 and dated 10th February, 2020 respectively, Government of Andhra Pradesh has passed order for transfer of Assets from Power Utilities to Andhra Pradesh Power Finance Corporation Limited and for transfer of APGENCO freehold property (Vacant Land) of 66.43 Acres in Visakhapatnam District and 34.88 Acres in Nellore District to a total extent of AC.101.31 Cts at Book Value to Andhra Pradesh Power Finance Corporation Limited. However, the issue is still pending and the assets were not transferred and the transfer of Assets was not materialized till date and not incorporated in the Books of Accounts by the financial year ended 31st March, 2022.

P. Payable/Receivable from Telangana Government:

Amount received from Telangana State Govt. are used for the Telangana state share of interest payment on outstanding amount of debentures as recommended by the Expert Committee. In the FY 2021-22, the Receivables from TS Govt. amounts to Rs. 12,55,278.



Q. Inter-Corporate Deposits:

To achieve the objectives of the company, the company has invited funds from various Government Corporations in the form of Inter Corporate Deposits (ICDs) for the financial year 2021-22 at the rate of interest range from 5.5% to 8% and tenor also ranging between less than 6 months to 10 years and above.

Following is the statement showing the outstanding ICDs by the company as on 31st March, 2022:

Depositor Name	Year	Deposited Amount	Deposited Date	Tenure	Roi
ANDHRA PRADESH URBAN DEVELOPMENT FUND INVESTMENT FUND	2020	1,25,00,00,000	11.09.2020 & 14.09.2020	1 year	6%
ANDHRA PRADESH POLLUTION CONTROL BOARD	2020	1,00,00,00,000	29.09.2020	1 year	6%
Secretary CEO APBOCWW Board VIJAYAWADA	2020	1,44,00,00,000	17.10.2020	1 year	6%
APSPDCL P & G TRUST	2020	1,70,00,00,000	Rs. 110 Crs of 05.12.2020,		
APSPDCL P & G TRUST	2021	6,49,00,00,000	Rs. 80 Cr 12.01.2021, Rs. 80 Cr 10.02.2021 & Rs. 86 Cr 04.03.2021, Rs. 75 Cr 12.04.2021, Rs. 65 Cr 11.05.2021, Rs. 83 Cr 04.06.2021, Rs. 80 Cr 02.07.2021 & Rs. 100 Cr 05.08.2021	5 to 10 years	7.5%
APEPDCL P & G TRUST	2021	2,20,00,00,000	Rs. 120 Cr 12.05.2021, Rs. 50 Cr 17.06.2021 & Rs. 50 Cr 06.08.2021	10 years & above	8%
AP Solar Power Corp. Limited	2022	4,53,00,00,000	04.03.2022	10 years & above	5.75%
Total		18,61,00,00,000			

APPFCL has obtained guarantee from GoAP to the extent of Rs. 1308 crores only as against outstanding ICDs of Rs. 1861 crores resulting deficit guarantee of Rs. 553 crores.

R. Transfer to Investor Education Protection Fund:

During the financial year the company has not transferred any amount to IEPF fund. However, interest amounting to Rs. 46,45,660 remaining unpaid beyond 7 years which is yet to be transferred to IEPF fund.

S. Receipt from Andhra Pradesh Government:

APPFCL received reimbursement of interest payable to bond holders from GoAP and as per G.O.Rt No. 09 Dt 07-02-2020 company received Rs. 102,63,60,656 towards payment of interest on APPFC Vidyut Bonds for the series 1/2019. Of which corporation utilized Rs. 1,00,08,53,902 only for repayment on interest during the FY 2020-21 and the unutilised amount of Rs. 2,55,06,756 was shown in other current liabilities as on 31st March, 2021.

As per G.O.Rt No. 146 Dt 22-10-2021, GoAP accorded administration sanction to convert unutilized amount of Rs. 2,55,06,754 into paid up share capital of APPFCL. The corporation has received approval wide 175th board meeting held on 21.07.2022 for conversion of the amount into equity share capital.



T. DSRA:

Debt Service Reserve Account is a cash reserve which works as an additional security measure for the lenders (bankers) as it ensures that the borrower (company) will always have funds deposited for the next few months of debt service. It is generally a deposit which is equal to a given number of months projected debt service obligations.

Following are the details of DSRA deposits of the company as on 31st March, 2022:

Sl. No.	Bank Name	Receipt No.	Date	Amount (Excluding Interest)
1	Bank Of India - 1st Deposit	BOI/VJA/APPFCL/2020-21:04	05-10-2020	13,26,00,000.00
2	Bank Of India - 2nd Deposit	BOI/VJA/APPFCL/2020-21:03	05-10-2020	6,25,00,000.00
3	Bank Of India - 3rd Deposit	BOI/VJA/APPFCL/2020-21:02	05-10-2020	41,75,00,000.00
4	Bank Of Baroda - 1st Deposit	BOB:BENVIJ:ADV:APPF-CL:2020-21:01	21-12-2020	4,60,00,000.00
5	Indian Overseas Bank – 1st Deposit	Letter	19-06-2021	6,90,00,000.00
6	Bank Of Baroda – 2nd Deposit	Receipt	13-08-2021	4,68,00,000.00
7	Punjab National Bank – 1st Deposit	Letter	24-08-2021	6,20,00,000.00
8	Bank Of Baroda – 3rd Deposit	Receipt	20-09-2021	4,60,00,000.00
9	Union Bank	Receipt	28-09-2021	7,79,00,000.00
10	Central Bank of India	CBI-VIJ:BENZCI : 332	26-10-2021	6,00,00,000.00
11	Bank Of India – 4th Deposit	Receipt	27-10-2021	92,00,000.00
12	Bank Of India – 5th Deposit	Letter	08-02-2022	22,73,00,000.00
13	Bank Of India – 6th Deposit	Receipt	08-02-2022	70,000.00
TOTAL DSRA DEPOSITS FOR THE FY 2021-22				125,68,70,000.00

U. Capital Adequacy Ratio:

The company is registered with the RBI as NBFC and categorized as ND-SI by the RBI. Hence, as per RBI Circular DNBR (PD) CC No.092/03.10.001/2017-18 dated May 31, 2018 the company shall maintain certain percentage of amount as Capital. As per RBI Roadmap, following are the applicability to NDSI:

As on	CRAR %
31st March, 2019	10 % (Min Tier I - 7%)
31st March, 2020	12 % (Min Tier I - 8%)
31st March, 2021	13 % (Min Tier I - 9%)
31st March, 2022	15 % (Min Tier I - 10%)

Since, the company has created Provision on Standard Assets and Statutory Reserves as per RBI norms, the CRAR % is calculated for Tier I and Tier II capital. Tier I capital is the primary funding source of the bank. Tier I capital consists of shareholders' equity and retained earnings. Tier II capital includes revaluation reserves, hybrid capital instruments and subordinated term debt, general loan-loss reserves, and undisclosed reserves. The Company has considered the Provision on Standard Assets under Tier II.



Particulars		As on March 31, 2022
I.	Tier I Capital	537.59 crores
II.	Tier II capital (Provision on Standard Assets)	73.40 crores
III.	Total Capital	610.99 crores
IV.	Risk Weighted Assets	4,189.14 crores
V.	Tier I capital funds or core capital to risk weighted assets ratio (Core CRAR)	13%
VI.	Tier II capital	2%
VII.	Total capital funds to risk weighted assets ratio (CRAR)	15%

The company has maintained CRAR at 15%. Hence, the company has complied with the CRAR requirement as per the RBI roadmap of 15% as on 31st March, 2022.

- V. APPFCL has incurred an aggregate amount of Rs.31,29,846 (Rs.29,67,544 as on 31-03-2021) on behalf of TSPFCL towards their share of common expenses on Bonds. However, such amount is not shown as recoverable from TSPFCL in the books of APPFCL.

W. Calculation of Current Tax Liability (Net) for the FY 2021-22:

Particulars	Amount (Rs.)
Advance Income Tax and TDS (A)	35,46,50,778
Tax Deposited on income tax demands under protest (B)	-
Total Current Tax Assets (C)=(A+B)	35,46,50,778
Provision for Income Tax (D)	40,18,28,578
Net Current Tax Liability (E)=(D-C)	4,71,77,800

- X. "A.P"/ "AP" mentioned in this Financial Statements shall be read as "Andhra Pradesh".

- Y. Regrouping and reclassification has been done where ever necessary.

For Seshachalam & Co.

Chartered Accountants

FRN 003714S

For and on behalf of Board of Directors

Sd/-
U.S.N.V.R.C Prabhu
Partner
Membership No. 055839
UDIN: 22055839APOJTI3123

Sd/-
Dr. K. V. V. Satyanarayana, IRAS
Managing Director

Sd/-
B. Sreedhar, IAS
Director

Place : Vijayawada
Date : 22-07-2022

Sd/-
M Ramana Reddy
Chief Financial Officer

Sd/-
V Abhinaya
Company Secretary



Shareholder's Corner

Section 4



Notice for 21st Annual General Meeting



CIN: U40109AP2000SGC107482

Regd. Office: #48-12-16, 2nd Floor, East Wing, Vidyut Soudha, Gunadala,
Vijayawada – 520004, Andhra Pradesh
appfcl@gmail.com | www.appfcl.com

22nd Annual General Meeting 31st day of March, 2023 MGT – 11 PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : _____

Registered address: _____

E-Mail Id: _____

Folio No/Client Id: _____

DP Id: _____

I/We, being a Member (s) Members of _____ shares of the above named Company, hereby appoint

1. Name: _____ Address: _____
Email Id: _____ Signature: _____ or failing him
2. Name: _____ Address: _____
Email Id: _____ Signature: _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Friday, 31st, March 2023 at 12:30 pm at Chambers of Special Chief Secretary to Government, Finance Department, 2nd Building, A.P. Secretariat, Velagapudi, Guntur District and at any adjournment thereof in respect of such resolutions indicated below

1. Adoption of Financial Statements and Report of Board of Directors and Auditors thereon, for financial year ended March 31, 2022 - Ordinary Resolution.

2. To take note of appointment M/s Seshachalam & Co., Chartered Accountants as Statutory Auditors of the Company by C & AG for the FY 2022-23 and fix remuneration thereon- Ordinary Resolution

Signed _____ this _____ day of _____ 2023

Signature of the Shareholder: _____

Signature of Proxyholder(s) : _____

Affix
Revenue
Stamp

Note: The proxy form duly completed must be deposited at the Registered Office of the Company addressed to Secertarial Department, Andhra Pradesh Power Finance Corporation Ltd. at #48-12-16, 2nd Floor, East Wing, Vidyut Soudha, Gunadala, Vijayawada – 520004, Andhra Pradesh Not less than 48 Hrs. before the time for holding the meeting. A proxy need not be Member.





ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

CIN: U40109AP2000SGC107482

Regd. Office: #48-12-16, 2nd Floor, East Wing, Vidyut Soudha, Gunadala,

Vijayawada – 520004, Andhra Pradesh

appfcl@gmail.com | www.appfcl.com

22nd Annual General Meeting 31st day of March, 2023

MGT – 12

POLLING PAPER

S.No	Particulars	Details
1.	Name of the First Named Shareholder (in block letters)	
2.	Postal Address	
3.	Registered Folio No/Client ID)	
4.	Class of Share	Equity
5.	No of Shares	

I Hereby exercise my vote in respect of Ordinary/Special Resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Resolution No	Matter of resolution	No of Shares	I assent to the resolution	I dissent to the resolution
1	Adoption of Financial Statements and Report of Board of Directors and Auditors thereon, for financial year ended March 31, 2022– Ordinary Resolution			
2	To take note of appointment M/s Seshachalam & Co., Chartered Accountants as Statutory Auditors of the Company by C & AG for the FY 2022-23 and fix remuneration thereon- Ordinary Resolution			

Place : VIJAYAWADA

Date : 31/03/2023

Signature of the Shareholder / Proxy





ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

CIN: U40109AP2000SGC107482

Regd. Office: #48-12-16, 2nd Floor, East Wing, Vidyut Soudha, Gunadala,

Vijayawada – 520004, Andhra Pradesh

appfcl@gmail.com | www.appfcl.com

**22nd Annual General Meeting 31st day of March, 2023
Attendance Slip**

Registered Folio No. / DP ID No. / Client ID No.:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of shares held

--	--	--	--	--	--	--	--	--	--

I certify that I am a member / proxy / authorized representative for the member of the Company.

I hereby record my presence at the 22nd Annual General Meeting of the Company at Chambers of Special Chief Secretary to Government, Finance Department, 2nd Building, A.P. Secretariat, Velagapudi, Guntur District, on Friday, 31st, March 2023 at 12:30 pm.

Name of the member / proxy
(in BLOCK letters)

Signature of the member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.



Board of the Company

Sri. Shamsher Singh Rawat, IAS

Dr. K V V Satyanarayana, IRAS

Sri. B Sreedhar, IAS

Sri. V N Babu, CMA and CS

Smt. T.Vanaja

Chairman

Managing Director

Director

Director

Director

**Company Secretary &
Compliance Officer**

Smt. V. Abhinaya, ACS, CMA,
48-12-16, 2nd Floor,
East Wing, Vidyut Soudha,
Gunadala, Vijayawada,
Andhra Pradesh-520004.

Chief Financial Officer

Sri. M. Ramana Reddy, CFO,
48-12-16, 2nd Floor, East Wing,
Vidyut Soudha, Gunadala, Vijayawada,
Andhra Pradesh-520004.

Statutory Auditor

Seshachalam & Co.
Chartered Accountants
1-11-256, Street No. 1, Wall Street Plaza,
6th Floor Begumpet, Hyderabad - 500016.

Secretarial Auditor

ASN Associates
Company Secretaries
Vijayawada

Internal Auditor

Kunda & Associates
Chartered Accountants
Vijayawada

Debenture Trustee

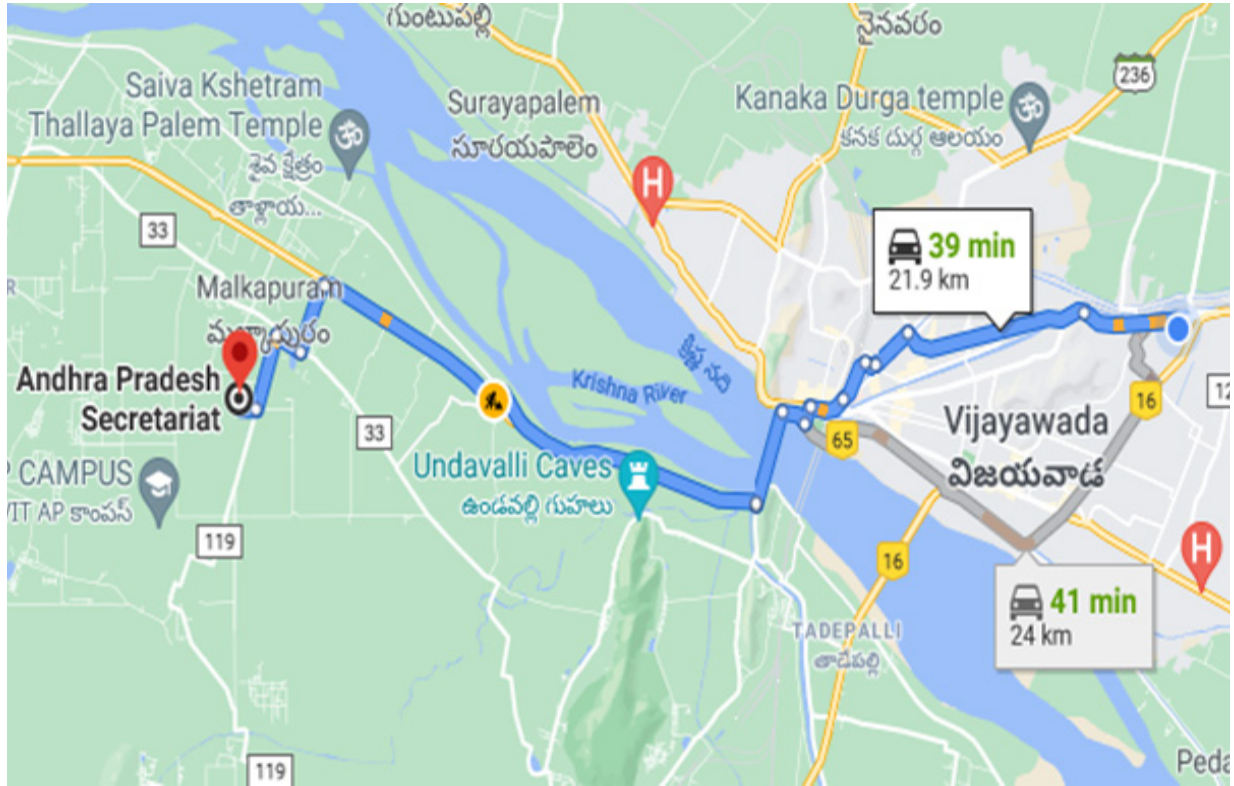
SBICAP Trustee Company Limited,
Mistry Bhavan, 4th Floor,
122 Dinshaw Vachha Road,
Churchgate, Mumbai - 400020.

**Registrar and Transfer
Agents**

Karvy Fintech Private Limited,
Karvy Selenium Tower B, plot 31-32,
Financial District, Nanakramguda,
Gachibowli, Hyderabad 500032.



Route Map for Venue - 22nd AGM



Andhra Pradesh Power Finance Corporation Ltd.

48-12-16, 2nd Floor East Wing, Vidyut Soudha,
Gunadala, Vijayawada-520 004
Phone: **0866-2429226**, Email: **appfcl@gmail.com**
Website: **www.appfcl.com**