

ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED



Annual Report for 2011-2012

Andhra Pradesh Power Finance Corporation Limited

403, 'L' Block, Andhra Pradesh Secretariat, Hyderabad - 500 022.

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BOARD OF DIRECTORS

1.	Sri G. Sudhir, IAS	Chairman	(Up to 30-06-2011)
2.	Sri V. Bhaskar, IAS	Chairman	(From 01-07-2011)
3.	Smt. Vasudha Mishra, IAS	Director	(Up to 30-06-2011)
4.	Smt. Pushpa Subrahmanyam, IAS	Director	(From 01-07-2011)
5.	Sri Sutirtha Bhattacharya, IAS	Director	(Up to 15-08-2011)
6.	Sri Dinesh Kumar, IAS	Director	(From 16-08-2011)
7.	Sri Ajay Jain, IAS	Director	
8.	Sri K. Vijayanand, IAS	Director	
9.	Sri Munindra, IFS	Managing Director	

REGISTERED OFFICE :

403, 'L' Block, A.P. Secretariat
HYDERABAD - 500 022.

STATUTORY AUDITORS :

P.S.N. Ravishanker & Associates

CHARTERED ACCOUNTANTS

Flat No. 205, II Floor, B-Block, Kushal Towers,
Khairatabad, Hyderabad - 500 004.

REGISTRARS & BOND TRANSFER AGENTS

M/s. KARVY Computershare Pvt. Ltd.

17-24, Vittal Rao Nagar, Madhapur,
HYDERABAD - 500 001.

TRUSTEES & BANKERS :

STATE BANK OF HYDERABAD

Gunfoundry Branch, Abids,
HYDERABAD - 500 001.

LISTING OF BONDS :

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 001.

DIRECTORS' REPORT

To
The Members

ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

Your Directors have pleasure in presenting the 12th Annual Report on the operations of the Company together with the Audited Statement of Accounts for the year ended 31st March 2012.

THE ECONOMY

The growth in the Indian economy in 2011-12 has moderated consequent to external developments. GDP growth rates in India has declined to reach 6.1 percent in the third quarter of 2011-12, for the first time since 2008. GDP growth and its two main components - Agriculture and Industry have recorded lower growth in 2011-12 as compared to the last year. Services, however has performed better.

The Economy is now expected to grow at less than 7 percent. GDP is expected to grow at a modest 6.7 percent during the first half of the financial year 2012-13.

INDUSTRY SCENARIO

The Indian power sector is one of the most diversified in the world. Sources for power generation range from commercial sources like coal, lignite, natural gas, oil, hydro and nuclear power to other viable non-conventional sources like wind, solar and agriculture and domestic waste. The demand for electricity in the country has been growing at a rapid rate and is expected to grow further in the years to come. India's meteoric rise in recent years has been fuelled by the equally impressive power generation capacity addition. In fact, the 20,180 MW added during FY 2011-12 was the highest capacity added in a single year.

In order to meet the increasing requirement of electricity, massive addition to the installed generating capacity in the country is required. Since its structured growth post Independence, the Power Sector is endeavouring to meet the challenge of providing adequate power needed to fuel the growing economy of the country and has made substantial progress both in terms of enhancing power generation and in making available power to widely distributed geographical boundaries. The recent capacity additions in both generation and transmission in Power Sector necessitates huge capex as well as working capital. This will surely encourage the role of Power Finance Corporations.

FINANCIAL RESULTS

Particulars	For the year ended 31st March, (Rupees in Crores)	
	2012	2011
Income	249.80	318.47
Expenditure	249.80	318.47
Profit / (Loss) Before Tax	-	-
Provision for Tax- FBT	-	-
Profit / (Loss) After Tax	-	-
Balance brought forward from previous year	-	-
Balance carried to Balance Sheet	-	-

OPERATIONS

Particulars	For the year ended 31st March, (Rupees in Crores)	
	2012	2011
Amount raised by issue of Power Bonds	898.30	1053.30
Cumulative advances made for financing the requirements of power sector	2995.19	2710.20
Expenditure incurred		

POWER BONDS

The amount of Power Bonds outstanding as at 31st March, 2012 was Rs. 2925.19 Crores as against Rs. 2604.20 Crores in the previous year and the servicing of the same is regular and up to date.

The Company has redeemed Power Bonds for an aggregate amount of Rs. 577.31 crores as against Rs. 1153.43 Crores in the previous year, on exercising Call Option, Put Option and Maturity as per the terms and conditions stipulated in Information Memorandum.

DIRECTORS

Changes in Directorships during the year :

Sl. No.	Name of the Appointee	Designation	In the place of	Date of Event
1.	Sri Hiralal Samariya, IAS	Nominee Director	Sri Ajay Jain, IAS	18-05-2012

AUDITORS

M/s P S N RAVISHANKER AND ASSOCIATES, Chartered Accountants, Hyderabad were appointed by the Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2012-13.

C & A G COMMENTS

The 'NIL' comments Report of the Comptroller & Auditor General of India on the Annual Accounts for the year ended 31st March, 2012, will be circulated to the members and laid at the ensuing Annual General Meeting for adoption of Annual Accounts for the year, 2011-12.

AUDIT COMMITTEE

The Audit Committee of the Board was reconstituted on 2nd July 2012 with:

- | | | | |
|----|----------------------------|---|----------|
| 1. | Sri. V. Bhaskar, IAS | - | Chairman |
| 2. | Sri. Dinesh Kumar, IAS | - | Member |
| 3. | Sri. Hiralal Samariya, IAS | - | Member |

RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board was reconstituted on 2nd July 2012 with:

- | | | | |
|----|-------------------------------|---|----------|
| 1. | Sri. Dinesh Kumar, IAS | - | Chairman |
| 2. | Smt. Pushpa Subrahmanyam, IAS | - | Member |
| 3. | Sri. Hiralal Samariya, IAS | - | Member |
| 4. | Sri. Munindra, IFS | - | Member |

DISCLOSURES**i) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS & FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Conservation of Energy: The Company is not engaged in manufacturing operation. Further it requires energy for lightening equipment, which is not energy intensive. However, adequate measures have been taken to reduce energy consumption, wherever possible.

Technology Absorption: As the Company is not engaged in any manufacturing activity, the question of Technology absorption does not arise.

Foreign Exchange Earnings & Outgo: -Nil-

ii) No statement giving particulars as required by the provisions of the Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules 1975 as amended, annexed hereto since none of the employees of the Company are in receipt of remuneration in excess of the limits specified therein, during the year under review.**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that

- (i) that in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2012.
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities.
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

PUBLIC DEPOSITS

During the year under review, the Company has neither invited nor accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

SECRETARIAL COMPLIANCE CERTIFICATE

The Company has obtained Secretarial Compliance Certificate from a Company Secretary in whole-time practice for the year ended 31st March, 2012 and a copy of the same is annexed hereto.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Hyderabad.

Date : 27-09-2012

(V. Bhaskar, IAS)
Chairman

REPORT ON CORPORATE GOVERNANCE

COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company has always been committed to executing sustainable business practices and creating long term value for all its shareholders. It has always remained as a responsible Corporate Citizen which always strive to protect the interest of its share owners. To pursue these objectives, all the business operations of the company are conducted on principles of transparency, fairness, integrity, accountability while maintain legal and ethical standards

CORPORATE GOVERNANCE PRACTICES FOLLOWED :

BOARD OF DIRECTORS

- i) The Board of the Company comprises of Six Directors, all are Nominees of Govt. of Andhra Pradesh. Five directors are independent directors and the Chairman being Non-Executive & Independent Director.
- ii) Seven Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows :
16.06.2011 (Adjourned meeting concluded on 20.07.2011), 09.09.2011, 29.09.2011, 11.10.2011, 28.12.2011 and 13.02.2012

AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Section 292A of the Companies Act, 1956.

a. Brief description of terms of reference.

- " Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board.
- " Investigate any activity within its terms of reference.
- " Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- " Reviewing with management the annual financial statements.
- " Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- " Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- " Reviewing the Company's financial and risk management policies.
- " Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submission to the Board.

b. The present composition of the Audit Committee is as follows

- | | | |
|-------------------------------|---|----------|
| 1. Sri. V.Bhaskar, IAS | - | Chairman |
| 2. Sri. Dinesh Kumar, IAS | - | Member |
| 3. Sri. Hiralal Samariya, IAS | - | Member |

RISK MANAGEMENT COMMITTEE

The present composition of the Risk Management Committee is as follows

- | | | |
|----------------------------------|---|----------|
| 1. Sri. Dinesh Kumar, IAS | - | Chairman |
| 2. Smt. Pushpa Subrahmanyam, IAS | - | Member |
| 3. Sri. Hiralal Samariya, IAS | - | Member |
| 4. Sri. Munindra, IFS | - | Member |

**AUDITORS' REPORT**

To
The Members of
M/s. ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

We have audited the attached Balance Sheet of M/s. ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED as at 31st March, 2012 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether these financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. We enclose in the Annexure a statement on the matters specified in -
 - a) Paragraph 4 and 5 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Order").
 - b) Paragraph 3 of the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, under Section 45MA (1A) of the Reserve Bank of India Act, 1934, to the extent applicable.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that -
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of the books of the company;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except AS-1 relating to Accrual System of Accounting for accrued interest as explained in detail in Point Nos. 5 & 6 of the Notes on Accounts (Note No.13);
 - e) In terms of the notification issued by the Department of Company Affairs, Ministry of Corporate Affairs, Government of India, the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 with regard to the qualification of directors is not applicable to the directors of the company, as the company is a Government Company;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and Notes hereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the company as on 31st March, 2012;
 - ii) in the case of the Statement of Profit and Loss for the year ended on that date of NIL profit / loss (the total expenditure is met / reimbursed by Government of AP and hence the profit & loss account does not reflect any profit / loss);

and

- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **P.S.N. RAVISHANKER & ASSOCIATES**
Chartered Accountants

(Y. SAI KARUNAKAR)
Partner
M. No. 207033

Place : Hyderabad
Date : 07-09-2012

ANNEXURE TO THE AUDIT REPORT**Statement on the matters referred to in Paragraph 2 (a) of our Report**

1. (a) The Company has maintained records showing broad particulars including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the management at reasonable intervals. It is reported to us that no material discrepancies were found during the year under review.
(c) As explained to us, substantial part of fixed assets were not disposed off during the year.
2. As the company does not carry inventory of stores and the other materials, being an NBFI, clause 4 (ii) of the said Order is not applicable.
3. The company, being a Government Company, has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses 4 (iii) (a) to 4 (iii)(g) of the said Order are not applicable.
4. Having regard to the company's nature of business and based on our scrutiny of company's records and the information and explanations furnished to us, we report that the company's activities do not include purchase and sale goods. In our opinion, and according to the information and explanations given to us, the internal control system, prima facie, appears to be commensurate with the size of the company and nature of its business with regard to purchase of fixed assets, rendering of NBFI services. During the course of our audit, we have observed that the internal control system with regard to reconciliation of Trust and Retention Accounts (No-Lien Accounts) with the Banks for payment of matured bonds and identification of the unclaimed matured bonds, Principal/Interest, beyond 7 years (which are required to be transferred to Investor Education and Protection Fund) appears to be weak and it needs to be corrected and the Balances in the Trust and Retention Accounts(No-Lien Accounts) need to be reconciled.
5. In our opinion and according to the information and explanations provided by the management, we are of the opinion that there are no transactions during the year, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits but it has issued series of Bonds of various series which are unconditionally and irrevocably Guaranteed by the Government of Andhra Pradesh, which do not appear to be coming under the purview of the provisions of Section 58A and 58AA and the rules framed there under and the directives issued by the Reserve Bank with respect to Non-Banking Finance Companies, to the extent applicable.
7. In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
8. The maintenance of cost records U/s. 209(1)(d) does not apply to the company, being an NBFI.
9. (a) According to the records of the company and information and explanations given to us, the Employees Provident Fund and other Miscellaneous Provisions Act and Employees State Insurance Act are not applicable to the Company, for the time being.
(b) According to the records of the company and information and explanations given to us, the company is not required to pay any statutory dues including Employees State Insurance, Provident Fund, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with any of the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31st, 2012 for a period of more than six months from the date on which they become payable. However, the amount to be transferred to Investor Education and Protection Fund is to be determined as mentioned under clause 4 above.
(c) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Provident Fund, Investor Education and Protection Fund, Employees' State insurance, Income tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year, which have not been deposited on account of any dispute.
10. As per the information and explanations furnished to us by the Management, the operations of the company are being conducted in such a manner that the total expenditure incurred by the company viz., interest on bonds, loans and other operational expenses is being met/reimbursed by the Government of Andhra Pradesh and hence the operations do not reflect any Profit/Loss in the Profit & Loss account as disclosed in detail in clause 1(b)(iii) to the notes on accounts, and accordingly clause 4(x) of the said Order does not appear to be applicable to the company.



11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks or bond holders. The company has not issued any debentures.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit fund or a Nidhi/Mutual Benefit Fund/ Society. Therefore, the provisions of clause 4 (xiii) of the Order is not applicable.
14. In our opinion, the Company is not dealing in or trading in Shares, Securities, Debentures and other investments, accordingly, the provisions of clause 4 (xiv) of the Order is not applicable to the company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, the company borrowed the funds in the form of bonds unconditionally and irrevocably guaranteed by Government of Andhra Pradesh and same were applied for the objects of the company and purpose for which they were obtained. However, during the year, the company has not obtained any term loans.
17. According to the information and explanations given to us, on overall basis, funds raised on short term basis, prima facie, do not appear to have been used during the year for long term investment or vice versa.
18. The company has not made any preferential allotment to parties and companies covered under register maintained under section 301 of the Companies Act, 1956, during the year.
19. The company has issued two bond series to the tune of Rs.898.30 Crores during the year. According to the information and explanations given to us and the records examined by us, the Government of Andhra Pradesh unconditionally and irrevocably guaranteed the interest and principal repayments of the various bonds issued by the company. The company has not issued any debentures.
20. The Company has not raised any money through public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Statement on the matters referred to in Paragraph 2 (b) of our Report

- I. The company is engaged in the business of Non-Banking Financial Institution and it has obtained a Certificate of Registration (CoR) from the Reserve Bank of India under the Provisions of Section 45-IA of the Reserve Bank of India Act, 1934 vide registration No.N-09.00266 dated 25-08-2000.
- II. The company is entitled to continue to hold such CoR in terms of its asset/income pattern as on 31-03-2012.
- III. The company is classified and treated as a Government Company as the Company is wholly owned by the Government of AP. The Company does not, prima facie, appear to come under the purview of "Asset Finance Company" as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the applicable financial year 2011-12, as the total funds of the company raised from the issue of bonds of various series are lent to the Government of AP/Government Power Generation, Transmission, Distribution Companies only for their intended onward use for infrastructure development in the power sector.
- IV. The Company has not accepted any deposits and it has issued series of Bonds Unconditionally and Irrevocably guaranteed by Government of Andhra Pradesh. These are not covered under the Provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under and the directives issued by the Reserve Bank with respect to Non-Banking Finance Companies, to the extent applicable. The Company has been regularly paying to its bond holders the interest and/or principal as per due date.

For **P.S.N. RAVISHANKER & ASSOCIATES**
Chartered Accountants

(Y. SAI KARUNAKAR)
Partner
M. No. 207033

Place : Hyderabad

Date : 07-09-2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED, HYDERABAD, FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of Andhra Pradesh Power Finance Corporation Limited, Hyderabad for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 7th September, 2012.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Andhra Pradesh Power Finance Corporation Limited, Hyderabad for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

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

Place : Hyderabad

Date : 27-09-2012

(K.R. Sriram)
Principal Accountant General (E&RSA)

Balance Sheet as at 31st March, 2012

PARTICULARS	Note No.	As at 31-3-2012 Rupees	As at 31-3-2011 Rupees
I EQUITY AND LIABILITIES			
1 SHARE HOLDERS' FUNDS :			
(a) Share Capital	1	29,00,20,700	29,00,20,700
2 Non-Current Liabilities :			
(a) Long-term borrowings	2	2826,90,00,000	2096,89,00,000
3 Current Liabilities	3	170,81,41,646	613,83,96,912
TOTAL		3026,71,62,346	2739,73,17,612
II Assets :			
1 Non-Current Assets :			
(a) Fixed Assets			
(i) Tangible Assets	4	1,48,864	1,63,949
(b) Long Term loans and advances	5	2826,90,00,000	2096,89,00,000
2. Current Assets			
(a) Cash and cash equivalents	6	2,01,41,910	2,02,26,006
(b) Other Current Assets	7	197,78,71,572	640,80,27,657
TOTAL		3026,71,62,346	2739,73,17,612
Notes on Accounts	13		

As per Audit Report of even date

For **P.S.N. Ravishanker & Associates**
Chartered Accountants

For **ANDHRA PRADESH POWER FINANCE CORPORATION LTD**
(Y. Sai Karunakar)
Partner
M. No. 207033

Munindra, IFS
Managing Director

K. Vijayanand, IAS
Director

Place : Hyderabad

Date : 07-09-2012

Statement of Profit and Loss Account for year ended 31-3-2012

PARTICULARS	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I Revenue from operations	8	249,61,32,238	318,32,55,305
II Other Income	9	18,41,220	14,26,154
III Total Revenue (I+II)		249,79,73,458	318,46,81,459
IV Expenses :			
Employee benefit expense	10	14,91,279	16,81,932
Financial costs	11	246,80,06,002	315,65,63,050
Depreciation and amortization expense	4	19,629	19,125
Operating, administration and other expenses	12	2,84,56,548	2,64,17,352
Total Expenses		249,79,73,458	318,46,81,459
V Profit before exceptional and extraordinary items and tax		-	-
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax		-	-
VIII Extraordinary Items		-	-
IX Profit before tax		-	-
X Tax expense :			
(1) Current Tax		-	-
(2) Deferred tax		-	-
XI Profit (Loss) from the period from continuing operations		-	-
XII Profit / (Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV Profit/(Loss) from the Discontinuing operations		-	-
XV Profit/(Loss) for the period		-	-
XVI Earning per equity share :			
(1) Basic	-	-	-
(2) Diluted	-	-	-

As per Audit Report of even date

For **P.S.N. Ravishanker & Associates**
Chartered Accountants

For **ANDHRA PRADESH POWER FINANCE
CORPORATION LTD**

(Y. Sai Karunakar)
Partner
M. No. 207033

Munindra, IFS
Managing Director

K. Vijayanand, IAS
Director

Place : Hyderabad
Date : 07-09-2012

Notes to Balance Sheet and Profit & Loss A/c

PARTICULARS	As at 31-3-2012 Rupees	As at 31-3-2011 Rupees
NOTE - 1 :		
Note (i) :		
SHARE CAPITAL :		
AUTHORISED SHARE CAPITAL:		
--30,00,00,000 Equity Shares of Rs.100 each (30,00,00,000 Equity Shares of Rs.100 each)	3000,00,00,000	3000,00,00,000
ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL		
--29,00,207 Equity Shares of Rs.100/- each fully paid up (29,00,207 Equity Shares of Rs.100/- each fully paid up)	29,00,20,700	29,00,20,700
	29,00,20,700	29,00,20,700
Note (ii) :		
Number of shares which are more than 5% of paid up Share Capital-details Governor of Andhra Pradesh, represented by the MD of the Company.		
There is a restriction on transferability of shares.		
Note (iii) :		
Reconciliation of number of shares outstanding at the beginning and end of the year		
Shares issued & subscribed as on 01.04.2011 (2900207 Equity Shares of Rs.100/- each fully paid up)	29,00,207	29,00,207
Add: Issued during the year	-	-
	29,00,207	29,00,207
Less: Redemption/Buyback	-	-
Total Number of Shares as per Balance Sheet (2900207 Equity Shares of Rs.100/- each fully paid up)	29,00,207	29,00,207
Note (iv) :		
a) There are no shares issued in last five years as fully paid up pursuant to contracts without payment being received in cash.		
b) There are no shares issued in last five years as fully paid up by way of bonus shares.		
c) There are no shares bought back in last five years.		
d) There are no calls unpaid.		
e) There are no forfeited shares		
NOTE - 2 :		
NON-CURRENT LIABILITIES :		
A) Long Term Liabilities (Unsecured) :		
1) Non Cumulative Bonds		
1/2002 Bonds Issue 8th Series	-	66,58,00,000
2/2002 Bonds Issue 9th Series	-	47,38,00,000
1/2004 Bonds Issue 15th Series	244,10,00,000	244,10,00,000
1/2005 Bonds Issue 16th Series	597,20,00,000	597,20,00,000
1/2010 Bonds Issue 17th Series	1053,30,00,000	1053,30,00,000
1/2011 Bonds Issue 18th Series	154,20,00,000	-
2/2011 Bonds Issue 19th Series	744,10,00,000	-
2) Cumulative Bonds		
2/2000 Bond issue 2nd Series	-	98,00,000
1/2001 Bond issue 3rd Series	-	17,35,00,000
	2792,90,00,000	2026,89,00,000
B) Term Loan from Bank (Unsecured) :		
Term Loan from Canara Bank	34,00,00,000	70,00,00,000
TOTAL	2826,90,00,000	2096,89,00,000

Notes to Balance Sheet and Profit & Loss A/c

PARTICULARS	As at 31-3-2012 Rupees	As at 31-3-2011 Rupees
NOTE - 3:		
CURRENT LIABILITIES :		
(i) Expenses payable :	Amount	Amount
Accounting Charges Payable	7,942	7,942
Arrangers Fee Payable	1,31,77,100	-
Advertisement Expenses Payable	17,51,063	3,78,425
Statutory Audit Fee Payable	60,674	69,951
Bond Servicing Exp's Payable	33,094	6,809
Company Secretary Charges Payable	6,750	6,750
Consultancy Charges Payable	32,804	47,856
Internal Audit Fee Payable	30,337	23,825
Deputation Allowance payable	1,01,587	-
M.D. Remuneration Payable	12,229	11,182
Salaries Payable	25,35,809	14,98,464
Income tax consultancy charges payable	16,189	-
Stamp Duty Payable	50,00,000	25,00,000
TDS Payable	17,64,673	93,980
Telephone and Internet Expenses Payable	9,342	5,076
Trustee Fee Payable	6,59,856	6,24,563
Taxation Audit fees	20,108	-
Vehicle Hire Charges Payable	22,089	22,089
Total (i) :	2,52,41,646	52,96,912
(ii) Other Current Liabilities :		
CURRENT MATURITIES OF UNSECURED LOANS :		
A) Current Maturities of Bonds :		
a) Non-Cumulative Bonds :		
2/2001 Bond issue 4th Series	-	36,59,00,000
3/2001 Bond issue 5th Series	-	112,35,00,000
4/2001 Bond Issue 6th Series	-	99,97,00,000
5/2001 Bond Issue 7th Series	-	58,50,00,000
1/2002 Bonds Issue 8th Series	66,58,00,000	-
2/2002 Bonds Issue 9th Series	47,38,00,000	-
1/2004 Bonds Issue 15th Series	-	269,90,00,000
Total Cumulative Bonds maturing in next 12 months - Total (a)	113,96,00,000	577,31,00,000
b) Non-Cumulative Bonds :		
2/2000 Bond issue 2nd Series	98,00,000	-
1/2001 Bond issue 3rd Series	17,35,00,000	-
Total Non-Cumulative Bonds maturing in next 12 months - Total (b)	18,33,00,000	-
Current maturities of Bonds : Total (A) (a+b)	132,29,00,000	577,31,00,000
B) Unsecured Loan from Bank :		
Term Loan from Canara Bank	36,00,00,000	36,00,00,000
Current Maturities of Unsecured loan from Canara Bank Total (B)	36,00,00,000	36,00,00,000
Total Current Maturities of Unsecured Loans [Total (ii)] (A+B)	168,29,00,000	613,31,00,000
TOTAL CURRENT LIABILITIES : [Total (i) + Total (ii)]	170,81,41,646	613,83,96,912

Notes to Balance Sheet and Profit & Loss A/c

PARTICULARS	As at 31-3-2012 Rupees	As at 31-3-2011 Rupees
NOTE - 5		
NON - CURRENT ASSETS :		
Receivables - Long Term Loans and Advances :		
Loans to DISCOMs - AP Government	875,30,00,000	1043,59,00,000
Loans to AP DISCOM's Pool Account	1951,60,00,000	1053,30,00,000
Total Long Term Loans and Advances	2826,90,00,000	2096,89,00,000
(Notes : Refer to Note No.7 in Notes to Accounts)		
TOTAL	2826,90,00,000	2096,89,00,000
NOTE - 6		
Cash & Cash Equivalents		
Balances with Scheduled Bank		
- In Current Account with SBH	1,41,529	2,25,982
- In Deposits Account with SBH	2,00,00,000	2,00,00,000
	2,01,41,529	2,02,25,982
Cash on Hand	381	24
TOTAL	2,01,41,910	2,02,26,006
NOTE - 7		
Other Current Assets :		
Loans to DISCOMs - AP Govt - Current Maturities of Bonds repayable	168,29,00,000	613,31,00,000
Other Receivables from AP Government	29,38,47,032	27,40,41,498
TDS receivable	10,48,511	8,64,385
Karvy Computer Shares Pvt Ltd	52,321	-
Interest Receivable from fixed deposit	23,708	21,774
TOTAL	197,78,71,572	640,80,27,657
NOTE - 8		
REVENUE FROM OPERATIONS - Receipts from Government :		
- for Payment of Interest on Bonds	233,38,23,001	298,07,00,379
- for Payment of Interest on Term Loan	8,48,05,480	11,61,37,672
- Interest on Bonds Application Money	4,93,77,482	5,97,24,985
- Bonds Arrangership Fee	1,46,41,222	1,55,16,122
- Stamp Duty	50,00,000	25,00,000
- Reimbursement of other expenses incurred	84,85,053	86,76,147
	249,61,32,238	318,32,55,305
NOTE - 9		
Interest on Fixed Deposit	18,41,220	14,26,154
	18,41,220	14,26,154
NOTE - 10		
EMPLOYEE BENEFIT EXPENSES		
Salaries	10,37,345	15,75,504
Deputation Allowances	2,94,400	-
MD Remuneration	1,59,534	1,06,428
	14,91,279	16,81,932
NOTE - 11		
FINANCIAL COST		
Interest on Bonds(Reimbursed by Government of AP)	233,38,23,040	298,07,00,393
Interest on Term Loan(Reimbursed by Government of AP)	8,48,05,480	11,61,37,672
Interest on Application Money(Reimbursed by Government of AP)	4,93,77,482	5,97,24,985
TOTAL	246,80,06,002	315,65,63,050

Notes to Balance Sheet and Profit & Loss A/c

PARTICULARS	As at 31-3-2012 Rupees	As at 31-3-2011 Rupees
NOTE - 12		
Operating, Administration and Other Expenses		
Bonds Arrangership Fee	1,46,41,222	1,55,16,122
Stamp Duty on Bonds issued	50,00,000	25,00,000
Credit Rating-Surveillance Fee Paid to CRISIL	16,54,500	16,54,500
Trustee Fees to SBH	22,38,739	24,97,171
NSE Listing Fee	4,06,345	6,76,029
Bond Servicing Exp.	79,328	1,00,127
ROC Filing Fee	3,500	9,660
E-tds Filing Fee	3,974	4,248
Custodial Service Fee Paid to CDSL & NSDL	1,10,300	1,10,300
Consultant & Professional charges	6,18,376	4,01,621
Directors' Sitting Fee	41,000	46,000
Advertisement Expenses	30,01,859	23,87,960
Printing & Stationary	45,614	38,715
Asset written Off	13,556	-
Postage & Telegrams	4,336	2,630
Vehicle Hire Charges	3,12,980	2,63,637
Traveling Expenses	26,742	14,520
Telephone charges and Internet Expenses	74,276	73,351
Bank Charges	-	826
NSDL Data creation Exp	11,030	5,515
Computer Maintenance	3,675	-
Office Maintenance	52,032	14,055
Board Meeting Expenses	6,422	5,506
Miscellaneous Expenses	-	7,722
AUDITORS REMUNERATION :		
- For Statutory Auditors	67,416	55,150
- For Internal Auditors	33,708	26,472
- For Tax Auditors	5,618	5,515
	2,84,56,548	2,64,17,352

NOTE - 4
Note on Fixed Assets as at 31st March, 2012

(Amount in Rupees)

Sl. No.	Description	Gross Block					Depreciation			Net Block		
		As at 1-4-2011	Rate of Dep. %	Additions during the year	Deletions during the year	As At 31-03-12	As at 1-4-2011	Adj. for the year	for the year	As at 31-3-12	As at 31-3-12	As at 1-4-2011
1	Office Equipments	1,53,817	6.33	18,100	13,900	1,58,017	84,364	(344)	9,113	93,133	64,884	69,453
2	Computer Systems	1,75,909	16.21	-	-	1,75,909	1,59,599	-	3,044	1,62,643	13,266	16,310
3	Furniture & Fixtures	1,18,032	6.33	-	-	1,18,032	39,846	-	7,471	47,317	70,715	78,186
	Totals	4,47,758		18,100	13,900	4,51,958	2,83,809	(344)	19,629	3,03,094	1,48,864	1,63,949
	Previous Year	4,21,378		26,380	-	4,47,758	2,64,684	-	19,125	2,83,809	1,63,949	1,56,694

As per Audit Report of even date

 For **P.S.N. Ravishanker & Associates**
Chartered Accountants

 For **ANDHRA PRADESH POWER FINANCE CORPORATION LTD**
(Y. Sai Karunakar)
Partner
M. No. 207033

Munindra, IFS
Managing Director

K. Vijayanand, IAS
Director

Place : Hyderabad

Date : 07-09-2012

Note No.13 :**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS :**

Andhra Pradesh Power Finance Corporation Limited (APPFCL) was incorporated, pursuant to the Andhra Pradesh GO (Government Order). Ms. No. 54, dated. 19.05.2000, as a Government Company under the Companies Act 1956, on 12th July, 2000 and had commenced its business on 13th July, 2000 and also obtained the Certificate of Registration from the Reserve Bank of India as a Non-Banking Financial Institution under the Reserve Bank of India Act, 1934 vide letter No. DNBS(H) No. 714/04.039/2000-2001, dated. August 25th, 2000. The main objects of the Company includes providing Long Term Finance to the Enterprises wholly engaged in the business of developing, maintaining and operating of Power, including but not limited to generating, transmission, distribution facility viz., GENCO, TRANSCO & DISCOMS.

Presentation and Disclosures in Financial Statements :

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1. Significant Accounting Policies :**a. Basis of Accounting :**

- i. The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the Provisions of the Companies Act, 1956.
- ii. The Company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis, except the accrued interest on bonds/loan to the Government which is accounted for on payment/receipt basis.
- iii. The Government Receipts in the form of Interest for the payment of interest on bonds of Rs. 233.38 crores (Previous year Rs. 298.07 crores), Interest on term loan Rs. 8.48 crores (Previous Year : Rs. 11.61 crores), Interest on Bonds Application Money of Rs. 4.94 crores (Previous Year : Rs. 5.97 crores), Arrangers' Fee Rs. 1.46 crores (Previous Year : Rs. 1.55 crores), Stamp Duty Rs. 0.50 crores (Previous Year : Rs. 0.25 crores) and Reimbursement of expenses incurred by the company on behalf of the Government Rs. 0.85 crores (previous year: Rs. 0.87 crores) have been depicted separately both under the heads of 'Income' and 'Expenditure' in the Statement of Profit & Loss, which is met/reimbursed by the Government of AP.

b. Revenue Recognition :

- i. The Company recognizes income on the loans given to the Government of Andhra Pradesh, out of the various series of Bonds issued by the company on receipt basis, and the same is shown as interest income in the Statement of Profit & Loss.
- ii. The expenditure incurred by the company viz., interest and other operating expenses is reimbursed by the Government of Andhra Pradesh and the same is taken as expenditure in the Statement of Profit & Loss.
- iii. The operations of the company are being conducted in such a manner that the total expenditure incurred by the company viz., interest on bonds, loans and other operational expenses is being met/reimbursed by the Government of Andhra Pradesh and hence it does not result in any Profit/Loss and accordingly the Statement of Profit & Loss does not depict any profit or loss out of the operations of the company.

c. Fixed Assets :

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

d. Depreciation :

Depreciation on fixed assets is provided on straight-line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

2 Notes on Accounts :
a. Contingent Liabilities not provided for :

However, there is demand for an amount of Rs.37,55,318/- from the ITO(TDS), Ward No.14(1) of the Income Tax Office, Hyderabad based on the defaults in the Quarterly TDS returns filed for the Quarters ended 31.12.2007, 31.03.2008 and 30.06.2008. Company has represented that this is related to tax deduction made, and already paid in full to the Income Tax Department, on the payments to the deductees who have not furnished PANs in respective periods. It has been represented by the Company to the Income Tax Office that once PANs are received for all the deductees and TDS is mapped to correct PANs, then this demand would become NIL. Hence pending this process of obtaining PANs from deductees and updating in NSDL portal through filing revised Quarterly e-TDS returns, the demand made by the Income Tax Department is not provided for in the Books of accounts as the company is confident that all the defaults on this account will soon be rectified. Other than the above, the contingent liabilities provided for as at 31-03-2012 is : NIL (Previous Year : NIL).

b. Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31-03-2012 :- NIL- (Previous Year -NIL-).

3. UNSECURED LOANS-BONDS & TERM LOAN AS ON 31-03-2012 : Rs.2995.19 crores
 (last year Rs.2710.20 Crores)

- 3.1 The Company has issued Bonds under various series styled "POWER BONDS" during the earlier years and also in the current year. The common features of the Bonds are as under:
- 3.2 The Bonds are unconditionally and irrevocably guaranteed for the due repayment, both the interest and principal, by the Government of Andhra Pradesh.
- 3.3 The payments to the Bond holders are governed by a "STRUCTURED MECHANISM", through a Tripartite Agreement among the Company, Government of Andhra Pradesh and State Bank of Hyderabad-Trustees to the Bondholders, which assures budgetary support, if required, from the Government of Andhra Pradesh for servicing the bonds. The payment of interest on outstanding bonds and repayment of principal amount on bonds are met/paid by the company by way of transfer of funds into designated No-Lien Accounts out of the moneys transferred by the Government of Andhra Pradesh to the company pursuant to the obligations undertaken by it under the said Tripartite Agreement.
- 3.4 Bonds at the end of the previous year includes the following bonds issued under different series, which were issued to the creditors of AP TRANSCO, for consideration other than cash :

Rupees in Crores			
Sl. No.	Series	As on 31-03-2012	As on 31-03-2011
1.	Power Bond Series 5/2001	NIL	7.00
	TOTAL	NIL	7.00

3.5 Bonds at the end of the year under different series and the Term loan from Bank are as follows:

The Summary of Status of all outstanding unsecured loans is given below :

Sl. No.	Power Bond Series	Amount Outstanding (Rs. In Crores) As on		Coupon Rate (%) p.a.	Interest Payable	Tenure in Years	Put/Call Option due at the end of
		31-03-2012	31-03-2011				
Regular Income (Non-Cumulative) Bonds							
1.	2/2001	Nil	36.59	12.80	Semi Annual	12	10th Year
2.	3/2001	Nil	112.35	12.50	Semi Annual	12	10th Year
3.	4/2001	Nil	99.97	12.50	Annual	12	10th Year
4.	5/2001	Nil	58.50	12.00	Annual	12	10th Year
5.	1/2002	66.58	66.58	11.80	Annual	12	10th Year
6.	2/2002	47.38	47.38	11.60	Annual	12	10th Year
7.	1/2004	Nil	246.70	7.50	Annual	7	5th Year
		244.10	267.30	7.70	Annual	10	7th Year
8.	1/2005	597.20	597.20	8.15	Annual	15	12th Year
9.	1/2010	42.00	42.00	8.49	Semi Annual	10	7th Year
		1011.30	1011.30	8.74	Semi Annual	12	10th Year
10.	1/2011	5.00	Nil	9.10	Semi Annual	10	7th Year
		149.20	Nil	9.60	Semi Annual	12	10th Year
11.	2/2011	157.20	Nil	9.85	Semi Annual	10	7th Year
		586.90	Nil	9.97	Semi Annual	12	10th Year
	Total	2906.86	2585.87				

Cumulative Bonds

1.	2/2000	0.98	0.98	13.50	Nil	12	Nil
2.	1/2001	17.35	17.35	13.50	Nil	12	Nil
Total		18.33	18.33				
Total Bonds		2925.19	2604.20				

Canara Bank Term Loan

1.	Loan	70.00	106.00	ROI (%) 8.75			
Grand Total		2995.19	2710.20				

As mentioned above, the Company, earlier had taken an unsecured term loan from Canara Bank amounting to Rs. 500 crores (in two spells for Rs. 250 crs, in each spell at an interest rate of 8.50% p.a. for I spell and 8.75% p.a for II spell) for the purpose of implementation through M/s. AP TRANSCO by Govt. of AP for energization of individual farmer pump sets/wells in rural areas. Outstanding of term loan as on 31.03.2012 is for Rs.70.00 crores (Rs.106.00 crores as on 31.03.2011). The Government of Andhra Pradesh has guaranteed for repayment of this loan, interest, costs, charges, etc.

4. Interest accrued but not due on regular interest bonds amounting to Rs.9.78 crores (Previous year Rs.21.85 crores) is not provided in the accounts due to the following reasons:
 - a) The tax cannot be deducted at source as required under Chapter XVII of the Income Tax Act, 1961, as the bonds are tradable in nature and the ultimate beneficiary cannot be ascertained at the end of the year till the actual payment is made.
 - b) The actual Interest expenditure incurred by the company is reimbursable by the A.P. State Government.
5. Interest on cumulative bonds amounting to Rs.60.65 crores (previous year Rs. 50.97 crores) is not provided due to the following reasons :

- a) The interest is due and payable only on maturity of the Bonds as per the terms and conditions of Offer Document.
- b) The quantum of interest due to a bondholder cannot be ascertained, as they are tradable bonds.
- c) The tax due payable by a bondholder cannot be deducted at source as the quantum of interest cannot be determined at the end of the year till the actual payment is made.
- d) The actual Interest expenditure incurred by the company is reimbursable by the A.P. State Government.
6. Balances in Trust & Retention Accounts (No-Lien Current Accounts) with the Banks, representing funds transferred pursuant to the Tripartite Agreement for servicing of the bonds, is Rs. 118.19 crores (last year Rs. 105.43 crores) against which cheques have already been dispatched to the Bondholders, is not reflected in the Balance Sheet as at 31-03-2012, as the funds have been transferred to the said No-Lien Accounts, specifically for the bonds which already got matured and became due for payment. These balances in the No-lien account are subject to reconciliation.
7. Loans to DISCOMs - Government of A.P & DISCOMs :
Up to year ending 31-03-2012, the Funds mobilized by issuing of bonds (net of redemption) amounting to Rs. 2925.19 crores (Previous year Rs. 2604.20 crores) and Term Loan (net of repayments) taken from Canara Bank for Rs. 70.00 crores (Previous year for Rs.106.00 crores) were shown as "Loan to DISCOMs - Govt. of A.P" & Loan to DISCOMs as under :

Particulars	As on 31-03-2012	As on 31-03-2011
Non-Current Assets :		
--Loan to DISCOMs - Govt. of AP	875.30	1043.59
--Loan to AP DISCOMs	1951.60	1053.30
Current Assets :		
Other Current Assets		
--Loan to DISCOMs - Govt. of AP	168.29	613.31
Total	2995.19	2710.20

8. All receivables including the receivables from the Government of Andhra Pradesh are subject confirmation and reconciliation.
9. Managerial Remuneration :

Particulars	Managing Director	
	2011-12 Rs.	2010-11 Rs.
Salaries, Allowances	—	—
Contribution to Provident Fund and Welfare Fund	—	—
Others - Additional Charge allowance to Managing Director	159,534/-	106,428/-

10. During the year, to the extent information provided by the suppliers, the company has not entered into any transactions either with Small Scale Industries or any other enterprises which come under the purview of Micro, Small and Medium Enterprises Development Act, 2006.
11. Other information required to be disclosed as per paragraphs 3 and 4 of the Schedule VI to the Companies Act 1956 is 'NOT APPLICABLE' in the case of the company.
12. Previous year figures are regrouped, rearranged or readjusted, wherever necessary.

For **P.S.N. Ravishanker & Associates**
Chartered Accountants

For **ANDHRA PRADESH POWER FINANCE
CORPORATION LTD**

(Y. Sai Karunakar)

Partner
M. No. 207033

Place : Hyderabad
Date : 07-09-2012

Munindra, IFS
Managing Director

K. Vijayanand, IAS
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012**

PARTICULARS	For the year ended 31-03-2012 Rupees	For the year ended 31-03-2011 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	-	-
Adjustments for :		
Depreciation & Assets written off	33,185	19,125
Interest Income	(18,41,220)	(14,26,154)
Operating Profit Before Working Capital Changes	(18,08,035)	(14,07,029)
Adjustments for changes in working capital :		
Increase / (decrease) in current maturities of Non-Cumulative Bonds	(463,35,00,000)	(575,58,00,000)
Increase / (decrease) in current maturities of Cumulative Bonds	18,33,00,000	(54,00,000)
Increase / (decrease) in Loan to AP Government - Current Maturities of Bonds	445,02,00,000	576,12,00,000
Increase / (decrease) in Other Receivables from AP Government	(1,98,05,534)	(35,40,077)
Increase / (decrease) in Other Current Assets	(2,38,381)	(1,46,632)
Increase / (decrease) in Trade Payables and Others Liabilities	1,99,44,734	38,39,974
Increase/(Decrease) in Net Current Assets	(99,181)	1,53,265
Net Cash From Operating Activities (A)	(19,07,216)	(12,53,764)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(18,100)	(26,380)
Interest Received	18,41,220	14,26,154
Net Cash Used In Investing Activities (B)	18,23,120	13,99,774
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (decrease) in Bonds outstanding (Non-Current)	766,01,00,000	475,99,00,000
Increase / (decrease) in Bank Term Loan	(36,00,00,000)	(36,00,00,000)
Increase / (decrease) in Loans Term Loans and Advances (Non-Current)	(730,01,00,000)	(439,99,00,000)
Net Cash used in financing Activities (C)	-	-
Net Increase in Cash and Cash Equivalents (A+B+C)	(84,096)	1,46,011
Add : Cash and Cash Equivalents at the beginning the year	2,02,26,006	2,00,79,996
Cash and Cash Equivalents at the end of the year	2,01,41,910	2,02,26,006
Reconciliation of cash and cash equivalents :		
Cash in Hand :	381	24
Cash at Bank		
in Current Account	1,41,529	2,25,982
in Deposit Account	2,00,00,000	2,00,00,000
Total Cash and Cash Equivalents at the end of the year :	2,01,41,910	2,02,26,006

For **P.S.N. Ravishanker & Associates**
Chartered Accountants

For **ANDHRA PRADESH POWER FINANCE
CORPORATION LTD**

(Y. Sai Karunakar)
Partner
M. No. 207033

Munindra, IFS
Managing Director

K. Vijayanand, IAS
Director

Place : Hyderabad
Date : 07-09-2012