

Andhra Bank Financial Services Ltd

Balance Sheet as at 31.03.2020					
Particulars	Note No	As at 31st March, 2020		As at 31st March, 2019	
		Rs	Rs	Rs	Rs
EQUITY AND LIABILITIES :					
Shareholders' Funds					
(a) Share Capital	3	50000000		5,00,00,000	
(b) Surplus	4	-38914122	11085878	-4,80,56,452	19,43,548
(c) Money Received against Share Warrants Share Application Money Pending allotment					
Non Current Liabilities					
(a) Long Term Borrowings					
(b) Deferred Tax Liabilities (Net)					
(c) Other Long Term Liabilities					
(d) Long Term Provisions	5		360736930		36,07,36,930
Current Liabilities					
(a) Short Term Borrowings					
(b) Trade Payables	6				
A. Total Outstanding dues of micro enterprises and small enterprises					
B. Total outstanding dues of creditors other than micro enterprises and small enterprises		880412		8,80,412	
(c) Other Current Liabilities		0		0	
(d) Short Term Provisions		60580	940992	49,115	9,29,527
TOTAL			372763800		36,36,10,005

ASSETS :

Non-current assets

Property, Plant & Equipment	7				
(i) Tangible assets					
Gross Block		3223853		32,23,853	
Less : Depreciation		3223360	493	32,23,360	493
Net Block					
(ii) Intangible assets					
(iii) Capital work-in-progress					
(iv) Intangible assets under development					
(b) Non-current investments					
(c) Deferred tax assets (Net)					
(d) Long term loans and advances	11		103797606		10,39,29,290



(e) Other non current assets

Current assets

(a) Current investments

(b) Inventories

8

413464

5,37,179

(c) Trade receivables

0

0

(d) Short term loans and advances

9

0

(e) Cash and Cash Equivalents

10

26,85,52,237

268965701

25,91,43,043

25,96,80,222

(f) Other current assets

TOTAL

372763800

36,36,10,005

SIGNIFICANT ACCOUNTING POLICIES

2

The Notes referred to above form an integral part of the Balance Sheet 1 to 21

As per our report attached

For A V Ratnam & Co

Chartered Accountants

FRN : 003028S

(G.K.Babu)

Partner

Membership No: 213270

UDIN: 2217270

Place : Hyderabad

Date : 30-05-2020

M.B. Rajendra Prasad
M.B. Rajendra Prasad
Director

S.V.S. Sundara Prasad
S.V.S. Sundara Prasad
Director

K. Venumadhav
K. Venumadhav
Director

KSD Siva Vara Prasad
KSD Siva Vara Prasad
Director

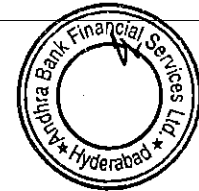
B. Narasimha Rao
B. Narasimha Rao
Managing Director

M. Raghuram
M. Raghuram
Company Secretary

LD/10 20 213273AAAA CH 2278

A.V. RATNAM & CO.
CHARTERED ACCOUNTANTS
180/2RT, R.R. SADAN,

Vijayana Colony, HYDERABAD-57.



Andhra Bank Financial Services Ltd

Statement of Profit and Loss for the year ended 31.03.2020

Particulars	Note No	2019-20	2018-19
			Rs
I Revenue from operations			
Interest income :	14	1,64,17,636	1,62,12,449
II Other income : (profit/Loss)	14	-1,23,595	-1,36,634
III Total Revenue (I + II)		<u>1,62,94,041</u>	<u>1,60,75,815</u>
IV Expenses :			
Cost of material consumed		0	0
Purchase of stock - in - trade		0	0
Changes in inventories of finished goods work-in-progress and stock-in- Trade		0	0
Employee Benefits expenses	15	16,41,608	14,25,197
Administrative and other Expenses	16	1,68,255	1,48,025
Depreciation and amortization expenses	7	0	0
Other Expenses	17	18,18,400	17,98,622
Total expenses		<u>36,28,263</u>	<u>33,71,844</u>
V Profit before exceptional and extraordinary items and tax		<u>1,26,65,778</u>	<u>1,27,03,971</u>
VI Exceptional Items			
VII Profit before extraordinary items and tax (V - VI)		1,26,65,778	1,27,03,971
VIII Extraordinary Items			
IX Profit before Tax (VII + VIII)		<u>1,26,65,778</u>	<u>1,27,03,971</u>
X Tax Expense	18		
(1) Current tax -		35,23,448	35,24,092
(2) Deferred tax		0	0
(3) Income Tax for earlier Asst Years		0	0
		<u>35,23,448</u>	<u>35,24,092</u>
XI Profit (Loss) for the period from continuing operations		<u>91,42,330</u>	<u>91,79,879</u>
XII Profit/ (Loss) from discontinuing Operations			
XIII Tax expense of discontinuing operations			
XIV Profit/ (Loss) from discontinuing operations (after tax) (XII - XIII)			
XV Profit (Loss) for the period (XI + XIV)		<u>91,42,330</u>	<u>91,79,879</u>
XVI Earnings per equity share :	19		
(1) Basic		2	1.84
(2) Diluted		2	1.84

SIGNIFICANT ACCOUNTING POLICIES

2

The Notes referred to above form an integral part

As per our report attached

For A V Ratnam & Co

Chartered Accountants
FRN : 003028S

M.B.Rajendra Prasad
Director

S.V.S.Sudara Prasad
Director

K.K.Venunadhav
Director

(G.K.Pablu)
Partner

KSD Siva Vara Prasad
Director

B.Narasimha Rao
Managing Director

M.Raghuram
Company Secretary

Membership No: 27223
UDIN:

Place : Hyderabad
Date : 30-05-2020

A.V. RATNAM & CO.
CHARTERED ACCOUNTANTS
180/2RT, R.R. SADAN,
Vijayanagar Colony, HYDERABAD-57.



Andhra Bank Financial Services Ltd

Cash Flow Statement for the Year ended 31 March, 2020

Particulars	31.03.2020		31.03.2019	
	Rs	Rs	Rs	Rs
Net cash inflow from operating activities				
Profit Before Tax	12665778		1,27,03,971	
Adjustments :				
Depreciation	0		0	
Cash flow from investment business - change in the value of stocks (increase/Decrease)	123715		1,72,634	
Interest received(acc.int)	0		0	
Interest paid				
Dividend paid			30,375	
Net cash inflow/ (outflow) from returns on investments and servicing of finance			0	
decrease in Debtors			0	
Increase(Decrease) in Creditors			1,520	
Cash Generated from operations			1,27,89,493	1,29,08,500
Direct Taxes paid net of refunds,if any			35,91,245	35,91,245
Net Cash from Operating Activities				93,17,255
Cash flow from Investing activities :				
Payments to acquire intangible fixed assets				0
Payments to acquire tangible fixed assets				0
Receipts from sales of tangible fixed assets				0
Net cash inflow/ (outflow) from investing activities				
Net cash Inflow before financing				93,17,255
Financing				
Issue of ordinary capital				
Repurchase of debenture loan				
Expenses paid in connection with share issues				
Net cash inflow/ (outflow) from financing				
Increase/ (Decrease) In cash and cash equivalents				93,17,255
Cash and Cash Equivalents as at beginning of the year	259143043		24,98,25,788	
Cash and Cash Equivalent as at the end of the year	26,85,52,237		25,91,43,043	

NOTES :

1. Cash Flow statement has been prepared under the Indirect Method as set out in the Accounting Standard No 3 " Cash Flow Statement " as per Companies (Accounting Standard) Rules, 2006.
2. Cash and Cash equivalent represent cash and Bank Balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

The Notes referred to above form an integral part of the financial statements 1 to 21

As per our report attached

For A V Ratnam & Co

Chartered Accountants

FRN 003088S

(G.K.Babu)
Partner

Membership No: 21273

UDIN:

Place : Hyderabad

Date : 30-05-2020

M.B.Rajendra Prasad
Director

S.V.S.Sunandara Prasad
Director

K.T.Venunadhav
Director

K.S.D.Siva Varan Prasad
Director

B.Narasimha Rao
Managing Director

M.Raghuram
Company Secretary

UJW 20213273AAACH-2278
A.V. RATNAM & CO.
CHARTERED ACCOUNTANTS
180/2RT, R.R. SADAN,
Vijayanagar Colony, HYDERABAD-57.



NOTE No: 1: - BASIS OF PREPARATION

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with provisions of the Companies Act, 2013 and the Accounting Standards as specified in the Companies (Accounting Standard) Rules prescribed by the Central Government.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements.

NOTE No: 2: SIGNIFICANT ACCOUNTING POLICIES

A. LEASE FINANCE: NIL

B. HIRE PURCHASE: NIL

C. INVESTMENT BUSINESS: NIL

D. INTEREST:

Interest on Investments

Interests on fixed deposits have been recognized on accrual basis.

Interest on securities and dividend on share are not recognised until the claims and counter claims if any, pending on such securities are cleared.

Dividend Income on Shares is recognised when the owner's right to receive payment is established.

E. STOCK IN TRADE:

In case of Stock of shares of unquoted shares are valuaed at Re.1/- with a view to have control and accountability and in case of quoted shares are valued with market price as at 31.03.2020 and the deference between the balance as at 31st March 2020 and balance as at the beginning of the year recognized as loss.



F. FIXED ASSETS:

All fixed assets are valued at cost except leased assets which were valued at Rs.1..

G. DEPRECIATION:

1. Assets for own use.

Depreciation has not been provided as value of the assets are residual value of the assets as at 31.03.2020.

2. Assets leased out.

The residual value of machinery under lease to M/s Incab Industries Ltd is valued at Rs.1/- no depreciation has been provided on the Assets Leased out.

H. Miscellaneous Expenses to the extent not written off: NIL

I. Foreign Currency Transactions

The company has not carried out any foreign currency transactions during the year 2019-20.

J Provisions and Contingent liabilities

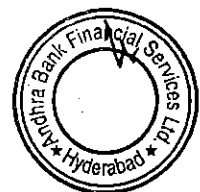
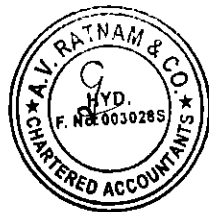
Provisions are recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to accounts.

L Taxes on income

Current tax is the amount of tax payable on the taxable income for the year after taking into consideration the benefits / disallowances admissible under the provisions of the Income Tax Act 1961. Minimum Alternate Tax paid in accordance with the tax laws which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly the Company has provided tax as per normal provisions



M. Deferred Tax

Deferred Tax is accounted for by computing the tax effect of timing differences, subject to the consideration of prudence in respect of deferred tax assets, which arise during the year and reverse in subsequent periods. Deferred tax is measured at substantively enacted tax rates by the Balance Sheet date. As there are no timing differences, the Company has not been provided Deferred Tax during the financial year.

N. Related Party Transactions

Nature of Transactions: Interest income earned on fixed deposits with the Holding Company.

Holding Company: Andhra Bank holding 100% of the equity of the company

Value of Transactions: Rs.1,64,17,636 interest income and the Deposits as at 31.03.2020 are Rs.25,86,00,000

O. Auditor's Remuneration:

	Current Year Rs	Previous Year Rs
Statutory Audit	25000	25000
Tax Audit	15000	15000
GST	7200	7200
	=====	=====
TOTAL	47200	47200
	=====	=====

O. Operating Cycle

Based on the nature of activities of the Company and normal time between acquisition of assets and their realization of cash and cash equivalent, the company has determined operating cycle as 12 months for the purpose of classifications of its assets and liabilities as non- current and current.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

NOTE No. : 3 : SHARE CAPITAL

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Rs	Rs	Rs	Rs
Authorized (Previous year: 100,00,000 Equity Shares of Rs10 each)		100,000,000		100,000,000
Issued, Subscribed & Paid-up 50,00,000 Equity Shares of Rs 10 each fully paid up. (All the shares are held by the Andhra Bank and its nominees) (Previous year: 50,00,000 Equity Shares of Rs 10 each)		50,000,000		50,000,000
		50,000,000		50,000,000

a.Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No of Shares	Rs	No of Shares	Rs
Equity Shares:				
At the beginning of the period	5,000,000	50,000,000	5,000,000	50,000,000
Issued during the year as fully paid	-	-	-	-
Outstanding at the end of the period	5,000,000	50,000,000	5,000,000	50,000,000

b. Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. During the year ended 31st March 2019, no dividend is declared by the Company. (Previous year - Nil)

c. Shares held by Holding/Ultimate holding company and/or their subsidiaries/associates:

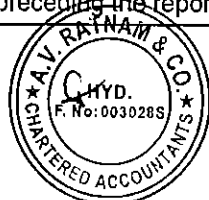
Particulars	As at 31st March 2020		As at 31st March, 2019	
	Rs	Rs	Rs	Rs
Andhra Bank, Parent / holding Bank 5000,000/- equity shares of Rs.10 each fully paid up (Previous year : 5000,000 Equity Shares of Rs 10 each)		50,000,000		50,000,000
		50,000,000		50,000,000

d. Details of Shareholders holding more than 5% shares in the company:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No of Shares	%	No of Shares	%
Equity Shares of Rs.10/- each fully paid				
Andhra Bank, holding Company	5,000,000	100.00%	5,000,000	100.00%

e. Shares reserved for issue under options		NIL		NIL
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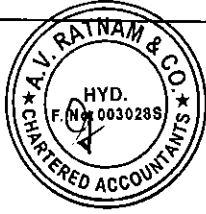
f. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares brought back during the period of five years immediately preceding the reporting date:		NIL		NIL
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g. Securities convertible into equity / preference shares issued along with the earliest date of conversion:		NIL		NIL
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h. Calls unpaid:		NIL		NIL
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i. Forfeited Shares		NIL		NIL
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NOTE NO 4 - RESERVES & SURPLUS

Particulars	31 March, 20		31 March, 2019	
	Rs	Rs	Rs	Rs
Surplus/(deficit) In the Statement of Profit and Loss Balance as per the last financial statement	48056452		57,236,331	
Add: Profit for the year	(-9142330)		(-9179879)	
Closing Balance		38914122		48,056,452
Total of Reserves and Surplus		38,914,122		48,056,452

Note No 5 : NON CURRENT LIABILITIES : LONG TERM PROVISIONS :

Particulars	31 March, 2020		31st March, 2019	
	Rs	Rs	Rs	Rs
Provision for Claims		360,736,930		360,736,930
		360,736,930		360,736,930

The Company disputed the other claims made against the company in the Supreme Court, and other Courts/Judicial

Note No 6 : CURRENT LIABILITIES : TRADE PAYABLE :

Particulars	March, 2020		31st March, 2019	
	Rs	Rs	Rs	Rs
Due to Micro and Small Enterprises		0		0
Due to others :				
i) A/c M/s Tamilnadu Newsprints & Papers Ltd	880,412		880,412	
ii) Others	60,580	940,992	47,595	928,007
		940,992		928,007

i) TNPL filed a suit in the High Court of Madras on 31.07.1995, for a sum of Rs.5.50 Crore being the difference of interest between the alleged return claimed and the actual return and further interest at 24% per annum on amount of Rs.1.88 Crore from date of plaint till realization and for costs.

The Hon'ble High Court passed the judgment on 2nd April 2001 and the suit was decreed for a sum of Rs.366.02 lakhs together with interest at 12% p.a. on the sum of Rs.1.88 Crore from the date of judgment till realization and for costs.

TNPL, aggrieved by the disallowed portion of the interest, had preferred other side appeal (309/01) before Division Bench of Madras High Court.

ABFSL, aggrieved by the decreeing of the Suit, preferred other side appeal (328/01), which was admitted by the Division Bench of Madras High Court on depositing of Rs.1.42 Crore and Rs.80,351 being one third of the decretal amount by the Company (ABFSL).

On 21st January 2010, the Learned Judges were pleased to dismiss the OSA 309/01 preferred by TNPL and were pleased to partly allow OSA 328/01 preferred by our Company (ABFSL). As per the Judgment, the Company (ABFSL) is liable to pay Rs.8,80,412/- along with interest at 12% p.a. from 02.04.2001 to TNPL till the date of realization.

Aggrieved by the said order, TNPL filed SLP(C) No 11659-11660 of 2010 before Hon'ble Supreme Court of India and Leave was granted on 01.03.2011. The suit has not come up for regular hearing.

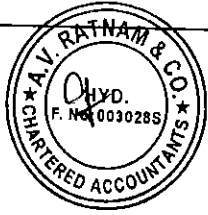
In the meantime, on 05.04.2010, ABFSL filed a petition No 2718 of 2010 in Madras High Court, with a request to refund the money deposited earlier in the Madras High Court (Rs.1.42 Crore) along with applicable interest, after adjusting the money to be paid by the ABFSL to TNPL as per High Court order.

The petition of ABFSL was considered by Madras High Court on 29.09.2010 and ordered the TNPL to pay the amount to ABFSL before 08.10.2010 as per the High Court Judgment dt. 21st January 2010.

Aggrieved by the said order of Madras High Court dt. 29.09.2010, TNPL moved the matter in the Hon'ble Supreme Court of India and after hearings the Court granted interim stay to TNPL on 07.10.2010 subject to depositing the amount payable to ABFSL in Madras High Court.



The petition of ABFSL 2718 of 2010 at Madras High Court was closed on 27.10.2010, on depositing a sum of Rs.2.51 Crore by TNPL in Madras High Court as per the direction of Hon'ble Supreme Court of India. Tamil Nadu News Prints & Papers Ltd had sent a letter to our Company asking our Board consent for out of court settlement. Taking the legal advice from our Advocate M/S Aswin pandya Associates our Board had accepted the proposal of TNPL for out of court settlement through mediation same in the lines of earlier case C.A.No.3690/2006 between the same parties.



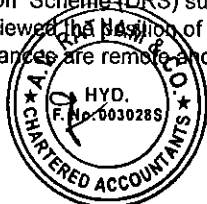
NOTE No : 7 : NON CURRENT ASSETS : TANGIBLE

	As at 31st March, 2020		As at 31st March, 2019	
	Rs	Rs	Rs	Rs
(A) OWNED ASSETS :				
Office Equipment	7,270		7,270	
Furniture & Fittings	35,791		35,791	
Computers	54,400		54,400	
(B) ASSETS GIVEN ON LEASE :				
Plant & Machinery	3,126,392		3,126,392	
GROSS BLOCK		3,223,853		3,223,853
Less : Depreciation		3,223,360		3,223,360
Net Block		493		493

DEPRECIATION STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

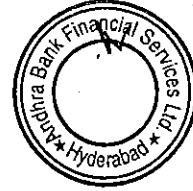
NOTE : 7 : NON CURRENT ASSETS: FIXED ASSETS : TANGIBLE contd..									
Nature of Assets	Gross Block				Depreciation			Net Block	
	Balance as on 01.04.2019	Additions during the year	Deletions	Total as on 31.03.2020	Total up to 01.04.2019	For the year	Total up to 31.03.2020	As on 31.03.2019	As on 31.03.2020
A: Owned Assets									
1)Office Equipment	7,270	0	0	7,270	7,177	0	7,177	93	93
2)Furniture & Fittings	35,791	0	0	35,791	35,790	0	35,790	1	1
3)Computers	12,500	0	0	12,500	12,499	0	12,499	1	1
ComputerHCL	34,650	0	0	34,650	34,360	0	34,360	290	290
HpPrinter	7,250	0	0	7,250	7,143	0	7,143	107	107
Total of 3(Computers)	54,400	0	0	54,400	54,002	0	54,002	398	398
Total of (A)	97,461	0	0	97,461	96,969	0	96,969	492	492
B: Assets given on Lease									
Plant & Machinery	3,126,392	0	0	3,126,392	3,126,391	0	3,126,391	1	1
Total of A + B	3,223,853	0	0	3,223,853	3,223,360	0	3,223,360	493	493
Previous Year	3,223,853		0	3,223,853	3,215,820	7,540	3,223,360	493	493

(i) The suit filed against M/s. Incab Industries Ltd in Delhi High Court, for realization of lease rentals since October 1992 amounting to Rs.45.29 lacs, is pending for appointment of the third arbitrator. In the mean time M/s Incab Industries Ltd.,submitted a proposal before the Board for Industrial and Financial Reconstruction [BIFR]. The Company (ABFSL) filed a petition before the Board [BIFR] who has permitted the Company (ABFSL) to take possession of the leased machinery with Incab Industries Ltd. But the workers union is protesting to take the machinery with a plea that some interested parties are negotiating for takeover of Incab Industries Ltd. The final Rehabilitation Scheme (ORS) submitted by M/s Tata Steel Ltd under consideration by the BIFR. The Board during the year reviewed the possibility of recovery of lease rentals dues from the Incab Industries Ltd and found that the recovery chances are remote and decided to write off as bad debt.



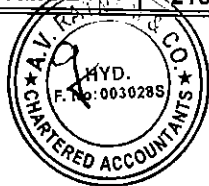
BIFR directed the Incab Industries Ltd to submit all the Audited Accounts along with Auditors's Reports thereon for the past period i.e from the date of sickness to till date to Board for determination of the sickness and the measures to be taken under the Act for the company's rehabilitation. In view of the above the Rehabilitation process is still under process before BIFR.

(ii) As the carrying cost of the machinery is Rs.1/- on 31.03.2020 and is much below the valued cost, there is no impairment loss on the machinery.



Note No : 8 : STOCK IN TRADE : STOCK OF SHARES & SECURITIES							
Particulars			As at 31st March, 2020		As at 31st March, 2019		
			Rs	Rs	Rs	Rs	
Aggregate amount of quoted share - Valued			218,002		341,717		
Aggregate amount of unquoted shares - Valued at			195,462	413,464	195,462	537,179	
Seggregation between quoted and unquoted share is made on BSE / NSE Bulletin for the							
Quantity wise	Opening Stock	Opening Stock	Purchases/ Additions	Purchase/ Returns/ Deletions	Sales	Closing Stock	Closing Stock
	01.04.2019	01.04.2019				31.03.2020	31.03.2020
	Qty.	Rs.				Qty.	Rs.
Equity Shares fully paid up	216790	537,179	-	-	-	216,790	413,464
Previous Year's figures	216790	709,813	-	-	-	216,790	537,179

List of outstanding shares as on 31.03.2020						
A: Shares, which are in physical form:						
Name of the Scrip / Equity Shares	Quantity 31.03.2019	Cost Rs	Cost Value Rs	Mkt. Rate 31.03.2019 Rs	Mkt. Value 31.03.2020 Rs	Cost or Mkt. Value which- ever is less 31.03.2020 Rs
Adhunik Synthetics	3,000	50.00	150,000	1.00	3,000	3,000
Akhil Ceramics Ltd.	5,000	28.75	143,750	1.00	5,000	5,000
Arlabs Ltd.	5,000	150.00	750,000	1.00	5,000	5,000
Aryan Finefab Ltd.	11,400	56.25	641,250	1.00	11,400	11,400
Bhishma Realty Ltd.	3	1.00	3	1.00	3	3
Capricon Realty Ltd.	3	1.00	3	1.00	3	3
Cephram Organics	6,600	40.00	264,000	1.00	6,600	6,600
Dhar Cement Ltd.	20,300	100.00	2,030,000	1.00	20,300	20,300
Electra (India) Ltd.	3,300	37.50	123,750	1.00	3,300	3,300
Gujarat Telephone	46,850	28.75	1,352,688	1.00	46,850	46,850
HMG Industries Ltd.	4,600	87.50	402,500	1.00	4,600	4,600
Indu Gulf Industries	4,850	130.00	630,500	1.00	4,850	4,850
Kunal Engineering	450	170.00	76,500	1.00	450	450
Niranjan Piramal	8,333	1.00	8,333	1.00	8,333	8,333
Nova Electro	55,400	51.25	2,839,250	1.00	55,400	55,400
Prestige Foods Ltd.	2,700	145.00	391,500	1.00	2,700	2,700
Prestige HM-Poly	5,000	42.50	212,500	1.00	5,000	5,000
Pyarelal Textile Ltd.	8,333	1.00	8,333	1.00	8,333	8,333
Rampur Fertilizers	240	80.00	19,200	1.00	240	240
Shri Ishar Alloy Steels	2,000	67.50	135,000	1.00	2,000	2,000
Sipani Auto Mobiles	2,100	50.00	105,000	1.00	2,100	2,100
Total of A	195,462		10,284,060		195,462	195,462
B: Shares, which are in dematerialized form as on 31.03.2020						
Ashnoor Textile Mills	21,280	89.29	1,900,000	10.01	213,013	213,013
Balrampur Chini Mills	48	0.00	0	103.95	4,989	4,989
Total of B	21,328		1,900,000		218,002	218,002
Total of A and B	216,790		12,184,060		413,464	413,464



NOTE No : 9 : SHORT TERM LOANS &

	As at 31st March 2020		As at 31st March, 2019	
	Rs	Rs	Rs	Rs
Interest accrued on deposit but not received	0	0	0	0
Trade Receivable - unsecured, considered bad - a/c Incab Industries Ltd (Ref Note No 7)	0		0	0
Less : Bad debts written off	0	0		
	0	0	0	0

Note No 10 : CASH AND CASH EQUIVALENTS :

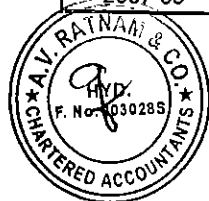
Particulars	As at 2020		As at 31st March, 2019	
	Rs	Rs	Rs	Rs
(I) Balances with Banks ;				
In Current Account	9952237	9952237	4,043,043	4,043,043
(II) Bank Deposits				
(a) Up to 12 Months Maturity :	60500000		57,000,000	
(b) More than 12 Months maturity	198100000	258600000	198,100,000	255,100,000
Total		26,85,52,237		259,143,043

Note No 11 : LONG TERM LOANS AND ADVANCES :

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Rs	Rs	Rs	Rs
(a) Loans and advances to related parties				0
(b) Others - Unsecured, considered good:				
i) Provision for Income Tax - Financial Year 2007-08, 2011-12, and 2017-18, 2018-19 and 2019-20	29342164		25,818,716	
Less : Advance Tax and TDS	29786506	444342	26,294,742	476,026
ii) Advance Tax and TDS for the Financial Year 1994-95, 1995-96, 1996-97, 1999-00, 2008-09, 2009-10, 2012-13 and 2013-14		103322264		103,322,264
iii) Advance to Advocates	0		100,000	
iv) Deposit with Telephones Department	31000	31000	31,000	131,000
c) Doubtful Advances		0	0	
Total		103797606		103,929,290

Details of advance Income Tax Payment - Year wise :

Financial Year	Relevant Asst Year	31.03.2020	31.03.2019
		Rs	Rs
1994-95	1995-96	28,311,822	28,311,822
1995-96	1996-97	43,581,300	43,581,300
1996-97	1997-98	30,257,801	30,257,801
2007-08	2008-09	3,900,000	3,900,000

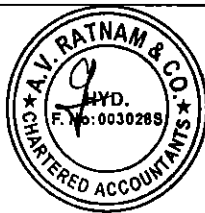


2007-08	2008-09	6,800	6,800
2009-10	2010-11	1,075	1,075
2010-11	2011-12	0	0
2011-12	2012-13	1,09,00,000	1,09,00,000
2011-12	2012-13	3,82,200	3,82,200
2012-13	2013-14	1,08,178	1,08,178
2013-14	2014-15	1,20,514	1,20,514
2014-15	2015-16	0	0
2015-16	2016-17	0	0
2016-17	2017-18	0	0
2017-18	2018-19	28,60,000	28,60,000
2018-19	2019-20	19,70,000	19,70,000
2019-20	2020-21	18,50,000	0
		124249690	122399690

Contd-

Details of the TDS - Year wise

Financial Year	Relevant Asst Year	31.03.2020	31.03.2019
1996-97	1997-98	8,19,506	8,19,506
1999-00	2000-01	15,232	15,232
2007-08	2008-09	13,42,714	13,42,714
2008-09	2009-10	1,06,836	1,06,836
2011-12	2012-13	14,67,648	14,67,648
2012-13	2013-14	0	0
2013-14	2014-15	0	0
2014-15	2015-16	0	0
2015-16	2016-17	0	0
2016-17	2017-18	0	0
2017-18	2018-19	18,44,135	18,44,135
2018-19	2019-20	16,21,245	16,21,245
2019-20	2020-21	16,41,764	0
	Total	88,59,080	72,17,316



contd-

Note No 11 : LONG TERM LOANS AND ADVANCES :

contd....

Details of MAT Credit Utilised

	Financial Year	Relevant Asst Year	31.03.2020	31.03.2019
			Rs	Rs
	2011-12	2012-13	5,677,308	5,677,308
	2012-13	2013-14	1,435,896	1,435,896
	2013-14	2014-15	1,599,186	1,599,186
	2014-15	2015-16	533,314	533,314
	2015-16	2016-17	0	0
	2016-17	2017-18	0	0
	2017-18	2018-19	0	0
	2018-19	2019-20	0	0
	2019-20	2020-21	0	0
Total			9,245,704	9,245,704

Provision for Income Tax for the financial year 2019-20 is made Rs 35,23,448/- MAT credit entitlement is nil-

Note No :12 :CONTINGENT LIABILITIES AND COMMITMENTS :

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Rs	Rs	Rs	Rs
(i) Contingent Liabilities :				
Claims against the company not acknowledged as debts :				
a) Tamilnadu Newsprint & Papers Ltd		24,600,000		24,600,000
b) Income Tax relating to the asst years in appeal		102,150,923		102,150,923
c) Interest Tax Appels filed by the I T Dept against the Tribunal		7,624,756		7,624,756
Total		134,375,679		134,375,679

Contd

a)The Civil Suit filed by the TNPL is now on its appeal before the Hon,ble Supreme Court and numbered as Civil Appeal No 2291-2292 of 2011 (Ref. Note No 6)



Contd-

NOTE No:12: CONTINGENT LIABILITIES AND COMMITMENTS :

Contd..

INCOME TAX :

b) **Income Tax :** The Company (ABFSL) had gone on Income Tax appeals for the Asst.Years 1993-94 to 1997-98 & 1999-00 which are pending before the Hon'ble High Court of Andhra Pradesh. Pending disposal of these appeals, the advance tax and self assessment taxes paid and taxes adjusted out of refunds by the department are outstanding.

c) **Interest Tax :** The Assessing officer completed the assessments under Interest Tax Act, 1974 making additions of lease rentals and hire purchase income for the Asst Years 1993-94 to 1997-98. As against the orders of the Assessing officer, the company filed appeals before the commissioner of Income Tax (Appeals). The CIT(A) allowed the company's Appeals. Aggrieved by the orders of the CIT(A), the Income Tax department filed appeals before Income Tax Appellate Tribunal, Hyderabad. The Tribunal Dismissed the department's appeals.

Aggrieved by the above orders of the Tribunal, the department filed two appeals before the High Court, A.P in ITTA No 86/2012 against the Tribunal Order in ITA No 6/H/2003 for the Asst. Year 1995-96 and ITTA No : 149/2012 against the Tribunal Order in ITA No 4/H/2003 dated 18.01.2007 for the Asst. Year 1993-94. The contention of the department is that the tribunal erred in holding that Hire Purchase charges are not exigible to tax under Interest Tax Act, 1974. The Hire Purchase charges for these two assessment years 1993-94 and 1995-96 are Rs 2,426,473/- and Rs 807,806/- respectively.

other Income Tax Issues

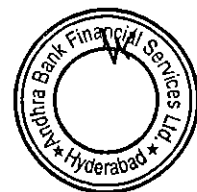
a) **Assessment Year 2008-09:** The Company (ABFSL) received on 12.03.2010 an intimation U/s 143(1) of Income Tax Act, 1961 with a demand of Rs 528,790/-, wherein IT Department has not taken into consideration all TDS remittances / recovered by Bankers and the FBT & Income Tax remittances made by Company (ABFSL). The Company (ABFSL) submitted detailed proofs of original TDS certificates and copies of the counterfoils remitting the FBT to Income Tax Department with a request to issue modified orders U/s 154 of IT Act, 1961, there is no tax liability for the company to pay further. The Company (ABFSL) is pursuing for the modified orders.

b) **Assessment Year 2010-11:** The Company received the intimation u/s 143(1) from the CPC, Bangalore indicating that an amount of Rs 92,065 was refundable to the company after adjusting an amount of Rs 1075 towards arrears demad outstanding for the Asst Year 2008-09 which itself already adjusted out of the refund for Asst Year 2009-10 vide their intimation dated 25.02.2011. The refund amount of Rs 92065/- has been received on 18.04.2013.

c) **Assessment Year 2012-13:** The return filed by the company was processed and an intimation under section 143(1) of the Income Tax Act was received with a demand of Rs 3,82,200/-. The department has given the MAT credit as difference of Income Tax (excluding surcharge & education cess) under normal provisions and MAT provisions instead of difference between the total tax paid under normal provisions including SC & EC and MAT Provisions of Income Tax Act, 1961, which had resulted in the demanding the Tax. The company had paid the same and filed an appeal before the CIT(A) and on 29.10.2014 the appeal is allowed. Consequential orders not yet received.

d) **Assesment year 2013-14:** The return filed by the company declaring its income under normal provisions of Income tax act at Rs.1,15,44,934/- and claimed refund of Rs.2,57,160/-. Against the said return the company received intimation under section 143(1) accepting the income declared in the return of income but received refund Rs.1,48,960/- On Verification of the said intimation It is observed that the demand arose due to not taking into account surcharge and education cess while giving credit for tax u/s 115J. The company filed appeal before CIT A(A) which is yet to come for hearing. Appeal allowed on 27-10-2016 vide order no. 0701/CIT(A)-1/Hyd/2014-15/2016-17 dated 27-10-2016. Consequential order not yet received.

e) **Assesment Year 2014-15:** The return filed by company declaring its income under normal provisions of income tax act at 1,51,94,322/- by claiming a refund of Rs.4,63,758, which however calculated as Rs.3,99,850/- after considering interest erroneously u/s 234c of Rs.63,908/-. Against the said return the company received intimation under section 143(1) accepting the income declared in the return of income but received refund of Rs.3,43,240/-. On verification of the said intimation it is observed that the demand arose due to not taking into account surcharge and education cess while giving credit for tax u/s 115j. The company file appeal before CIT (A) and appeal is allowed vide order no. 0711/CIT/(A)-1/HYd/2014-15/2016-17 dated 27-10-2016.



Other matters :

1. Interest on Inter Corporate Deposits A/c M/s. Kudremukh Iron Ore Co Ltd. The dispute between the Company (ABFSL) and M/s. Kudremukh Iron Ore Co Ltd [KIOCL] was settled during the year 2003-04. However, KIOCL has reserved right to claim on pro-rata basis along with other PSU's in case of surplus arising after meeting all liabilities, for the interest from the date of maturity of Inter Corporate Deposits up to the date of payment.
- 2) The Company (ABFSL) repaid in 1997 the total Inter Corporate Deposits of Rs.4.00 Crore placed in 1992 by M/s Mishra Dhatu Nigam Ltd (MIDHANI) with interest up to the contracted date. MIDHANI acknowledged the receipt as full and final settlement in 1997. However, MIDHANI, subsequently, has made a claim for interest after the contracted date. On refusal by the Company (ABFSL) to acknowledge or pay the interest, MIDHANI has approached the Committee on Disputes (COD) who directed the MIDHANI to Permanent Machinery of Arbitration (PMA) with whom the matter is pending. The Company (ABFSL) has legal opinion saying that the claim of MIDHANI is not sustainable and hence no provision has been made.
- 3) During the year 1994, the Company (ABFSL) has paid the amounts of ICD 153 & 155 to Delhi Financial Corporation to the extent of principal sum of Rs.100 lacs each, with an agreement dt.28/9/1994 that the contracted interest up to due date shall be paid after paying the Principal and Interest amount of ICD to all other PSU's. There was a claim for interest of Rs.7,08,000/- for the contracted period and the Company (ABFSL) has paid the same on 9/08/2004. However Delhi Financial Corporation has reserved the right to claim on prorata basis along with other PSUs in case of surplus arising after meeting all liabilities, for the interest from the date of maturity of ICD's to date of payment.
- 4) Dispute in the Industrial Tribunal, Hyderabad : An application under the I D Act 1947 was filed and the same was registered as LCID 17/2011. Further an industrial dispute between the workman and the management of Andhra Bank have been referred to the Industrial Tribunal Cum Labour Court, Hyderabad for adjudication u/s (1)(d) of the I D Act, 1947 and the same was taken on file of the Tribunal and registered as I D No 14/2012. This indicates that two I Ds were registered on the same matter of claiming the employment after leaving the company who worked on temporary basis in the company. CGIT cum Labour Court, Hyderabad. granted permission to the petitioner to withdraw the present LCNo.17/2011 with liberty to prosecute ID No. 14/2012 on01-04-2015.LCNo17/2011 is dismissed.

Note No.13

- a) No dividend has been proposed to be distributed to the equity shareholders for the year (previous year Nil)
- b) The Company has not issued any securities during the year for any specific purpose (previous year Nil)



NOTE No :14: REVENUE FROM OPERATIONS

Particulars	For the period April 1, 2019 to March,31, 2020		For the period April 1, 2018 to March,31, 2019	
	Rs	Rs	Rs	Rs
a) Interest Income				
(i) On Bank Deposits	16,417,636	16,417,636	16,212,449	16,212,449
(iii) Interest on I.T Refunds				
b) Other Income :				
i) Dividend Income				
from domestic companies	120		36,000	
ii) Investment Business :				
Opening Stock :Rs.709813				
Add : Purchases	0			
Sales of stock (Cost)	0			
Closing Stock: Rs.537179				
Earnings / Net of Investments (profit/loss)	-123,715	-123,595	-172,634	-136,634
		16294041		16,075,815

NOTE NO.15 :- EMPLOYEE BENEFITS EXPENSES

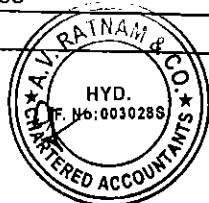
Particulars	For the period April 1, 2019 to March31, 2020		For the period April 1, 2018 to March31, 2019	
	Rs	Rs	Rs	Rs
Salaries & Allowances	1,462,175		1,247,750	
Contribution to Pension Fund	74,377		67,308	
Gratuity Expense	57,840		54,766	
Staff welfare expenses	47,216	1,641,608	55,373	1,425,197
		1,641,608		1,425,197

NOTE No : 16 : ADMINISTRATIVE AND OTHER EXPENSES

Particulars	For the period April 1, 2019 to March 31, 2020		For the period April 1, 2018 to March 31, 2019	
	Rs	Rs	Rs	Rs
Travelling & Conveyance	11,596			0
Rent for office Premises	138,000		132,000	
Printing & Stationery	8,362		5,983	
Postage & Telephones	10,297	168,255	10,042	148,025
		168,255		148,025

NOTE No:17: OTHER EXPENSES

Particulars	For the period April 1, 2019 to March 31, 2020		For the period April 1, 2018 to March 31, 2019	
	Rs	Rs	Rs	Rs
Payment to Auditors				
-As Auditor	29,500		29,500	
-For Tax Audit	17,700	47,200	17,700	47,200
Legal & Professional fees	1,711,260		1,730,757	
Filing Fees	54,950		14,000	
amc	1,612		3,683	
Miscellaneous expenses	3,378	1,771,200	2,982	1,751,422
	1,818,400	1,818,400	1,798,622	1,798,622

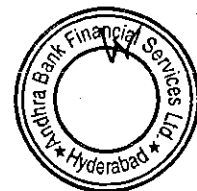


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NOTE NO.17 :- OTHER EXPENSES		Contd..		
<p>The staff working in the company are on deputation from Andhra Bank and they are eligible for Employee Benefits as per the Service Regulations (ABOSR) of Andhra Bank from time to time and the same is being paid / reimbursed to Andhra Bank. Contribution to Provident / pension Fund and proportionate amount towards Gratuity is also paid to the Andhra Bank to the extent applicable. No separate fund is being maintained by the company.</p>				
NOTE No : 18 : TAX EXPENSE :				
Particulars	For the period April 1, 2019 to March 31, 2020		For the period April 1, 2018 to March 31, 2019	
	Rs	Rs	Rs	Rs
Tax Expense under normal provisions of I.T Act	3,523,448		3,524,092	
Less: MAT Credit Entitlement during the year	0		0	
Provision made for Tax expense for the year (Equal to the Tax Expense under MAT Provisions of I.T Act)	3,523,448	3,523,448	3,524,092	3,524,092
	3,523,448	3,523,448		3,524,092
<p>The Company has paid the advance Income Tax of Rs 1850000- in addition to the TDS of Rs 1641764- on interest income during the year 2019-20. The Company comes under the regular provisions of the Income Tax during the current year and no outstanding MAT credit available.. During the previous year 2018-19 the company has paid an advance Income tax of Rs 1970000- in addition to the TDS of Rs1621245/- on interest income and the company comes under normal provisions of the Income Tax Act 1961.The I.T assessment for the F-Y-2018-19 not yet completed as on 31.03.2020.</p>				
Tax refunds / Expense for earlier Asst Years : Nil				

NOTE No : 19 : EARNINGS PER EQUITY SHARE :

Particulars	For the period April 1, 2018 to March 31, 2019		For the period April 1, 2017 to March 31, 2018	
	Rs	Rs	Rs	Rs
(i) BASIC & DILUTED : Earnings per Equity Share		1.83		1.84
Calculation of EPS :				
A : Net Profit	9,142,330		9,179,879	
B : Weighted Average Number of Equity Shares	5,000,000		5,000,000	
BASIC & DILUTED Earnings per Equity Share (A / B)	1.83		1.84	1.84



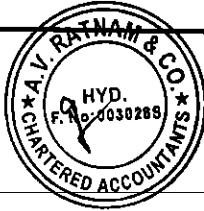
NOTE No : 20 : Status of Registration as NBFC :
Contd..

b) The Company (ABFSL) has informed Reserve Bank on 09.01.2008 about disposal of the Financial Assets and requested to treat the Company (ABFSL) as Non-Banking Non-Financial Institution. Reserve Bank of India replied on 05.12.2008 that it has taken the contents mentioned therein on record.

NOTE No : 21 : Other Information :

a) Information with regard to the matters in the other clauses of Schedule III to the Companies Act, 2013 to the extent they are either NIL or not applicable to the Company has not been given.

b) The figures of the previous year have been regrouped/reclassified/rearranged wherever necessary to confirm the Current Year's presentation.





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A.V. Ratnam & Co.,

CHARTERED ACCOUNTANTS

180/2 RT, Upstairs, Opp. Vijayanagar Colony Park-2, Vijayanagar Colony, HYDERABAD - 500 057.

Ref: _____

Date: 30/05/2020

Independent Auditor's Report

To
The Members of M/s. ANDHRA BANK FINANCIAL SERVICES LIMITED

Report on the standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of M/s. ANDHRA BANK FINANCIAL SERVICES LIMITED ("the Company") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

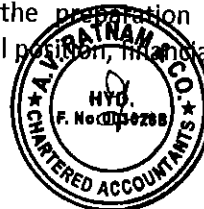
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit/loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 financial statements under the provisions of the Companies Act, 2013 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.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows



of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

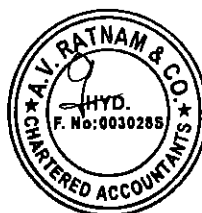
Those Board of Directors are also responsible for overseeing the company's financial reporting process

Auditor's Responsibility for the Audit of the 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 financial statements.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



Other matters required to be reported for NBFC

The Company was applied for registration as per the provisions of the Reserve Bank of India Act, 1934 and received a communication from Reserve Bank of India on 28.01.2005 rejecting the application for certificate of registration as an NBFC.

Further as per the directions of Reserve Bank of India vide letter dated 28.01.2005, the company has disposed off all its financial assets except certain shares which are in the physical form. However, the Company has approached Reserve Bank Of India, vide their letter dated 09.01.2008 with a request to treat the company as Non Bank Non Financial Institution. In response to this Reserve Bank of India replied on 05.12.2008 stating that it has taken the contents mentioned on record.

The Board of Directors of the Company has passed a resolution for non acceptance of any public deposits. Accordingly the Company has not accepted any public deposits during the financial year.

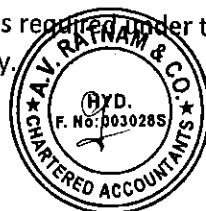
As the Company is not carrying out any non banking financial activities, the prudential norms relating to the income recognition, accounting standards, asset classification and provision of bad and doubtful debts are not applicable to it.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- a. 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
- b. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

- c. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- d. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- e. 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".
- f. 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Annexure C to our Report.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.



iii. The Company is not required to be transferred, to the Investor Education and Protection Fund.

We report on Directions u/sec 143(5) of the Companies Act,2013 as under:

1. The Company has system in place to process all the accounting transactions through IT system.
2. The Company has not carried out any Non Banking Financial Services during the year under audit. Hence, there is no 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.
3. The Company has not received any funds or receivable for specific schemes from Central / State agencies during the year.

For A V Ratnam & Co.,
Chartered Accountants
Firm Regn. No 003028S

(CA G K BABU)

Partner

M. No. 213273

A.V. RATNAM & CO.
CHARTERED ACCOUNTANTS
180/2RT, R.R. SADAN,
Vijayanagar Colony, HYDERABAD-57.

Place: HYDERABAD

Date 30/05/2020

UDIN

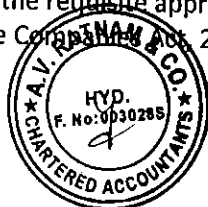
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Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report that:

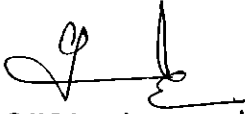
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, fixed assets were verified during the year and no discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) The Company has stock of Shares in Physical form. The physical verification of stock has been conducted at reasonable intervals by the Management and no discrepancies were noticed.
- (iii) The Company has not granted any loans to persons covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Hence paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) The Company does not have any loans and investments. Hence this clause 3 (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including GST, and income tax have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, GST, were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Companies Act, 2013.



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company's application for registration was rejected by Reserve Bank of India vide their letter No. DNBS (H) CMS No.2238/HYQ 0472/2004-05, dated 28.01.2005 and required the company to pass a specific Board Resolution for not to carry on the business as Non Banking Financial Institution.

For A V Ratnam & Co.,
Chartered Accountants
Firm Regn. No 003028S



(CA G K BABU)
Partner

A.V. RATNAM & CO.
CHARTERED ACCOUNTANTS

M. No. 213273

180/2RT, R.R. SADAN,

Place: HYDERABAD

Vijayanagar Colony, HYDERABAD-57.

Date

20/5/2020

UDIN

20243273AAAA642278

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 Andhra Bank Financial Services Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

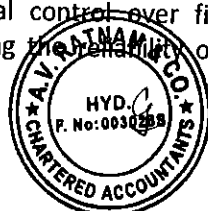
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, 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 A V Ratnam & Co.,
Chartered Accountants
Firm Regn. No 003028S



(CA G K BABU)
Partner
M. No. 213273

A.V. RATNAM & CO.
CHARTERED ACCOUNTANTS
180/2RT, R.R. SADAN,
Vijayanagar Colony, HYDERABAD-57.

Place: HYDERABAD

Date 20/01/2020

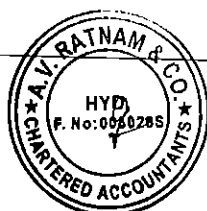
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ANNEXURE C referred to in our Report of even date to the members of Andhra Bank financial Services Limited on the legal matters.

According to the information and explanations given to us and on the basis of our examination of the available documents, the Company has the following legal / arbitration cases pending during the year.

I. CIVIL SUITS

SL.NO.	PARTICULARS	STATUS
1.	Tamilnadu News Print & Papers Ltd (TNPL) Vs Andhra Bank Financial Services Ltd – Civil Appeal No.2291-2292 of 2011 before Supreme Court	<p>i, TNPL filed a civil suit in the High Court, Madras claiming interest at 24% in the security transactions of 1992. Division Bench of Madras High Court gave an order for interest at 12% p.a instead of 24%</p> <p>ii. Aggrieved by the disallowance portion of interest TNPL had preferred other side appeal (309/01) before Division Bench of Madras High Court.</p> <p>iii. Aggrieved by the decree of the Suit, the Company preferred other side appeal (328/01) which was admitted by Division Bench of Madras High Court</p> <p>iv. On 21.01.2010 the OSA No. 309/01 preferred by TNPL was dismissed and partly allow OSA 328/01 preferred by the Company.</p> <p>As per the judgment the Company is liable to pay Rs.880412 along with interest @12% p.a. from 02.04.2001 to till the date of realization to TNPL.</p> <p>v. Aggrieved by the said Order TNPL filed SLP (C) No,11659-11660 of 2010 before Hon'ble Supreme Court of India and Leave was granted on 01.03.2001. The suit was not come up for regular hearing.</p> <p>vi. On 05.4.2010 the Company has filed a petition No.2718 o f 2010 in Madras High Court for refund of money deposited earlier in the Madras High Court (Rs.1.42 Crore) along with applicable interest after adjusting the money payable to TNPL as per High Court Order. Accordingly the petition was considered by Madras High Court on 29.09.2010 and ordered the TNPL to pay the amount to the Company before 08.10.2010 .</p>



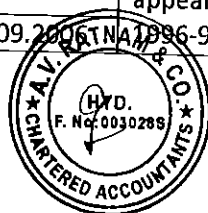
		<p>vii. Aggrieved by the said order on 29.09.2010 by Madras High court, TNPL moved to the Hon'ble Supreme Court and the Court granted interim stay to TNPL on 07.10.2010 subject to deposit of amount payable to the Company.</p> <p>viii. The petition No.2718 of 2010 filed by the Company was closed on 27.10.2010 on deposit of a sum of Rs.2.51 Crore by TNPL in Madras High Court as per the directions of the Hon'ble supreme Court.</p> <p>ix TNPL and Company appointed the mediator through Supreme Court and as per the mediation, the resolution passed dated 28th June 2019, wherein TNPL has agreed to pay Rs 1,30,76,771/- to the company and mediator order was corrected by the Supreme Court vide Civil Appeal No 2291-2292 of 2011 dated 29th August 2019. The same amount was not considered as revenue as it was not received till date and management submitted that it was an extraordinary income and will be considered as revenue as when received. Further interest on the above is not considered as the same is not yet quantified.</p>
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II. LABOUR SUITS

SL.NO.	PARTICULARS	STATUS
1.	Appeal before the Central Govt Industrial Tribunal (CGIT), Hyderabad	On 23.03.2011 one person who worked on a temporary basis in the Company has filed a complaint seeking employment in the Andhra Bank with a copy to Andhra Bank Financial Services Ltd. His application for employment was rejected in the Andhra Bank since there is no privity of contract with Andhra Bank. Now he has filed an appeal before CGIT

III. INCOME TAX APPEALS

Asst Year	High Court Appeal No.	Date	Remarks
1993-94	ITTA320/2006	25.07.2006	Out of the total seven appeals filed by the Company against the orders of the ITAT, Hyderabad one appeal was already admitted on 29.12.2005 and other three appeals relating to the Asst Years 1994-95,1995-96 and 1996-97 were heard and admitted on 24.07.2013 and
1994-95	ITTA 425/2005	22.10.2005	
1995-96	ITTA 114/2012	11.09.2006	

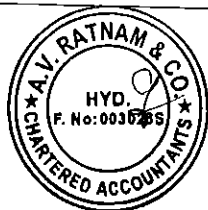


1995-96	ITTA 445/2005	22.10.2005	the remaining three have to be admitted relating to the Asst Years 1993-94,1997-98 and 1999-00. These cases have yet to come up for regular hearing.
1996-97	ITTA 424/2005	22.10.2005	
1997-98	ITTA 229/2007	02.07.2007	
1999-00	ITTA 228/2007	02.07.2007	

SL.NO.	PARTICULARS	STATUS
1.	Interest Tax appeals filed by the Tax Department	<p>On 04.10.2002 Income Tax department filed two appeals for Asst Year 1996-97 & 1997-98 against the Orders of the ITAT, Hyderabad Bench relating to the interest Tax which was admitted by the High Court.</p> <p>The Income Tax department treating the Hire Purchase & Leasing transactions is as loans and the interest & rentals received from the Hire Purchase and leasing transactions were considered under Interest Tax purview. The judgment up to the ITAT was in favour of the Company. However, the department went on appeal to High court. Now the appeals filed by the department were admitted in the Court and not yet come up for hearing.</p>

IV LONG TERM PROVISIONS OF RS 36,07,36,930/-

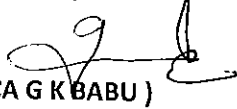
SL.NO.	PARTICULARS	STATUS
1.	Long term provisions of Rs 36,07,36,930/-	It was submitted by the management that an adhoc provision for contingent liability was created during the earlier years for Rs 36,07,36,930/- under the head Non Current Liabilities as the same was related to the then investors and no additional provision is created for the current year



17/ PROVISION FOR INCOME TAX AND ADAVCE TAX AND TDS Rs 10,33,22,264/-

SL.NO.	PARTICULARS	STATUS
1.	PROVISION FOR INCOME TAX AND ADAVCE TAX AND TDS UNDER THE HEAD LONGTERM LOANS AND ADVANCES	It was submitted by the management that an amount of Rs 10,33,22,264/- was shown under the Head Long Term Loans and Advances represents taxes paid on disputed income for the earlier years

For A V Ratnam & Co.,
Chartered Accountants
Firm Regn. No 003028S


(CA G K BABU)

Partner

M. No. 213273 Place: HYDERABAD

Date 29/5/2020

UDIN

20210273AAAGV2278

A.V. RATNAM & CO.
CHARTERED ACCOUNTANTS
180/2RT, R.R. SADAN,
Vijayanagar Colony, HYDERABAD-57.