

42nd
ANNUAL
REPORT
2017-18

Board of Directors

Sri Bijay Kumar Bose
Chairman

Sri Sanjay Jain
Director

Sri K. Manicka Raj, IAS
Director

Sri Kartikeya Misra, IAS
Director

Sri S. Vijaya Kumar
Director

Sri R. Manohar
Director

Sri U.V.V.L Prasad
Director

Sri R. Prabhakar Goud
Director

Prof. K. Ramachandran
Director

Sri KVL. Narasimham
Managing Director

Company Secretary

P. Seshagiri Rao

Auditors

Agarwal and Ladda
Chartered Accountants

Bankers

IDBI Bank
Syndicate Bank
Indian Bank

Registered Office

8th Floor, Parisrama Bhavanam,
Basheerbagh, Hyderabad - 500 004.
Telangana, INDIA.

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NOTICE

Members of APITCO Limited are hereby given notice for the 42nd Annual General Meeting of the Company, the schedule of which and business to be transacted therein, are given below:

Day and Date : Friday, September 07, 2018

Time : 11.00 A.M

Venue : Registered Office, Parisrama Bhavanam, Basheerbagh, Hyderabad - 500 004

ORDINARY BUSINESS

1. To receive, consider and adopt
 - a) The Audited Balance Sheet as at March 31, 2018
 - b) The Audited Statement of Profit and Loss for the year ended on that date
 - c) The Directors' Report and
 - d) The Auditors' Report, thereon.
2. To appoint a Director in the place of Sri K. Manicka Raj, IAS, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri Kartikeya Misra, IAS, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri R. Prabhakar Goud, who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix Statutory Auditors remuneration for the financial year 2018-19.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

"Resolved that terms and conditions of appointment of Sri KVL. Narasimham as Managing Directors of the Company as detailed below and pursuant to the provisions of the section 197 and 203 read with the schedule V and all the other applicable provisions, if any, of the Companies Act 2013, be and are hereby approved with effect from January 04, 2018:

Terms and Conditions

Period of Appointment	: 3 years from the date of joining
Scale of Pay	: Rs. 35,000 – Rs. 5,000 (4 years) – Rs. 55,000 – Rs. 10,000 (1 year) – Rs. 65,000 – Rs. 15,000 (1 year) – Rs. 80,000
Basic Pay	: Rs. 35,000 per month
D.A.	: As per State Government norms (presently, 232.312% of Basic Pay)

PERQUISITES

House Rent Allowance	: 30% of Basic Pay. Alternatively, may avail Company leased accommodation, against surrender of entire House Rent Allowance, on rentals to be decided by the Board of Directors of the Company.
Travelling and Halting	: Travelling & Halting Allowance in respect of journeys performed for official business will be payable as under:

Travelling Allowance :

For Journey by Air

Actual air fare Plus actual conveyance and Mazdoor charges

For Journey by Rail :

Cost of one air conditioned berth

Halting Allowance :

Halting allowance while on tour will be as follows :

Outside State

Mumbai & Delhi – Standard D.A Rs. 800 ; Actual expenditure towards lodging and boarding supported by bills

Other places - Standard D.A Rs. 600 ; Actual expenditure towards lodging and boarding supported by bills

Within State - Standard D.A Rs. 500; Actual expenditure towards lodging and boarding supported by bills

Incidentals:

Where both lodging and boarding facilities are availed of as above or free lodging and boarding is provided at the place of halt, incidentals @ $\frac{1}{4}$ th of the normal per diem halting allowance will be admissible.

- Provident Fund** : As per Rules of the Company from time to time. Presently, 12% of Basic Pay plus D.A.
- Gratuity** : As per Rules of the Company
- Performance Incentive** : 2.5% of net profit for the year subject to a ceiling equivalent to 50% of Basic Pay plus D.A. for that year.
- Leave** : Casual Leave : 15 days in a calendar year.
Ordinary Leave : Ordinary leave earned shall be one-eleventh part of duty.
Sick Leave : Sick leave shall be at the rate of 18 days for each year of service, subject to a maximum of 18 months during the entire service.
- Leave Fare Allowance** : Once in a year for visit to and from any place in India provided the employee proceeds on leave other than casual leave for not less than 7 days. Leave fare is given to the employee himself and his family consisting of wife and dependent children, ordinarily residing with the employee. The tax component to be absorbed by the Company subject to a maximum of Rs. 5000/- per annum.
Class of Fare: Airfare or ACC, whichever is lower.
- Medical Reimbursement** : Reimbursement of medical expenses, equivalent to one month's basic pay in a financial year in addition to an insurance policy of such amount as may be decided by the Board towards Hospitalization expenses, from time to time.
- Residential Telephone** : Residential telephone will be provided at the expense of the Company. The telephone bills including STD and trunk calls for official business will be paid by the Company.
- Leave Encashment facility** : Will be eligible to leave encashment as applicable to other officers of the organization.
- Conveyance** : Use of Company car. However, for any personal use the payment will have to be made as per rules of the Company from time to time.
- Resignation from Service** : The Managing Director may resign from service of the Company by giving three calendar months prior notice in writing to the Chairman of APITCO or by making payment of three month's basic pay in lieu of such notice.
- Termination of Services** : The services of the Managing Director may, with the concurrence of SIDBI, be terminated by the Chairman of the Board at any time after giving three month's notice or payment of three month's basic pay in lieu thereof.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

'RESOLVED that Sri. R. Manohar be and is hereby appointed as a Director of the Company, liable to retire by rotation.'

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

'RESOLVED that Sri. S. Vijaya Kumar be and is hereby appointed as a Director of the Company, liable to retire by rotation.'

By order of the Board
For APITCO Limited

Place : Hyderabad
Date : August 8, 2018

KVL. Narasimham
Managing Director

- Notes**
1. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.
 2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
 3. An explanatory statement in respect of the above special business pursuant to the provisions of Section 102(1) of the Companies Act 2013 is annexed hereto.

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

For Item No. 6:

SIDBI vide letter no. 2018NOV29/L00177899 dated November 29, 2017, has appointed Sri KVL Narasimham as Managing Director of the Company for a period of three years from the date of joining the Organisation.

The resolution is recommended for the approval of the Members.

Except Sri KVL Narasimham no other Director is concerned or interested in the resolution.

For Item No. 7:

Indian Bank, Treasury Branch, Mumbai has nominated Sri R. Manohar as Director on the Board of the Company vide their letter dated 27-07-2017 in place of Sri G. Lakshmi pathi Reddy.

The Board of Directors at its 187th meeting held on December 22, 2017 had Co-opted Sri R. Manohar as Director on the Board of Directors of the Company in place of Sri G. Lakshmi pathi Reddy pursuant to the provisions of Companies Act, 2013 read with Articles of Association of the Company.

As per the provisions of the Companies Act, 2013, appointment of Directors other than nominees of institutions like IDBI, SIDBI and IFCI, need to be confirmed by the Shareholders of the Company.

The resolution is recommended for the approval of the Members.

Except Sri R. Manohar no other Director is concerned or interested in the resolution.

For Item No. 8:

Syndicate Bank, T & IBD (FIM), Mumbai has nominated Sri S. Vijaya Kumar as Director on the Board of the Company vide their letter no. 153/FIM/5002/APITCO/2018 dated 29-05-2018 in place of Sri S. P. Sharma.

The Board of Directors at its 190th meeting held on July 07, 2018 had Co-opted Sri S. Vijaya Kumar as Director on the Board of Directors of the Company pursuant to the provisions of Companies Act, 2013 read with Articles of Association of the Company.

As per the provisions of the Companies Act, 2013, appointment of Directors other than nominees of institutions like IDBI, SIDBI and IFCI, need to be confirmed by the Shareholders of the Company.

The resolution is recommended for the approval of the Members.

Except Sri S. Vijaya Kumar no other Director is concerned or interested in the resolution.

By order of the Board
For APITCO Limited

KVL. Narasimham
Managing Director

Place : Hyderabad
Date : August 8, 2018

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 42nd Annual Report on the business and operations of the Company and the Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL RESULTS

A summary of the financial performance of the Company for the financial year ended 31-03-2018 is as under:

(Rupees in lakhs)

Particulars	2017-18	2016-17
Gross Income	426.77	1760.23
Profit before tax / (Loss) (PBT)	(376.19)	(845.71)
Provision for tax	-	-
Profit after tax / (Loss) (PAT)	(376.19)	(845.71)
Profit brought forward from previous year	1125.52	1967.24
Dividend and tax thereon	-	-
Surplus carried to Balance Sheet	730.40	1125.52
Paid-up Equity Share Capital	193.98	193.98
Dividend Rate	-	-

2. DIVIDEND

Since the Company has incurred loss during the current financial year, your Directors do not recommend any Dividend for the current year.

3. TRANSFER TO RESERVES

During the year, the Company has not transferred any amount to General Reserve.

4. PERFORMANCE REVIEW 2017-18

During the year, your Company recorded total revenues of Rs. 426.77 lakhs contributed by the major business segments of the Organization: Entrepreneurship Development & Training (ED&T) Rs. 195.00 lakhs; Project Related Services Rs. 122.78 lakhs; Asset Reconstruction & Management Services Rs. 42.63 lakhs; Cluster Development Rs. 22.78 lakhs; Research Studies Rs. 7.77 lakhs; and Other Income Rs. 35.81 lakhs.

Profit before Tax / (Loss) recorded by your Company is Rs. (376.19) lakhs [compared to loss of Rs. (845.71) lakhs of previous financial year] on the income during the year of Rs. 426.77 lakhs (compared to Rs. 1760.23 lakhs of previous financial year).

The Company had a serious setback in its performance during current financial year. Major reasons attributable include non-augmentation of new businesses, lack of structured marketing strategy and drowning into the legacy issues of unclosed projects and mounting trade receivables. Except for the Project Related Services activities (that has a shorter project cycle of 45-60 days) other business verticals do require at least 180 days of operation cycle to complete a minimum business cycle and that was where the Company lost several opportunities during the current financial year. It is also mentioned that the Company witnessed change in the Senior Management, i.e., Managing Director and Chairman during the last quarter of financial year 2017-18.

5. FUTURE OUTLOOK 2018-19

Inclusive growth in an economy twitches from market opportunities & investments, creation of employment, leveraging on technology advancements and readily deployable skill sets. Several schemes of the Government encourage Skill Development, Make in India, Technology & Innovation and Start up India programmes, in order to achieve sustainable and inclusive growth rate. The Manufacturing industry needs to show its inherent strengths in these critical times. Service sector, on the other hand, is absorbing lot of trained skilled resources and aims to create considerable impact on the overall Indian economy. Although banking sector is sailing through rough weather off late, more positive trends may be witnessed during the second half of financial year 2018-19.

Indian market is vibrant in several ways and continues to create ample opportunities for the quality service providers. Micro, Small and Medium Enterprises endure to play major role in their areas of contribution to the economy, i.e. in the services, manufacturing and exports, creating new employment opportunities and innovation as well. Demand of services for this sector is going to prevail in the same manner as in the previous years.

The Company is going to encash available market opportunities to strengthen its top and bottom lines and focus on financial year 2018-19 as 'Year of Revival'. Concentrating on its core strengths in the areas of Enterprise Development, Project Related Services, Cluster Development and Rural Industries Development, the Company is going to leverage on its expertise and explore opportunities in value added services to its clients. The Company has started its journey in this direction revitalizing its old clientele and contacting new clients in its business operations. The response from the market in augmenting new business opportunities, so far, is encouraging and the Company is confident to come back on its positive growth track from financial year 2018-19.

6. SUBSIDIARY COMPANIES/JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not have any Subsidiary Company, Joint Ventures and Associate Company as required to be disclosed in terms of provisions of Section 134(3)(q) of the Companies Act, 2013 read with Rule 8(3) the Companies (Accounts) Rules, 2014.

7. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

About the material changes and commitments affecting financial position of the company between 31st March 2018 and the date of Board's Report: Nil

8. CHANGE IN THE NATURE OF BUSINESS, IF ANY

Nil

9. FIXED DEPOSITS

Your company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

10. STATUTORY AUDITORS

The Statutory Auditors of the Company are appointed by the Comptroller and Auditor-General of India as per the provisions of Section 139 of the Companies Act, 2013. The Comptroller and Auditor-General of India as per the provisions of Section 143 (6) & 143 (7) of the Companies Act, 2013 has the right to comment upon, or supplement, the audit report in such manner as he may think fit.

11. AUDITORS' REPORT

There are qualifications and reservation in the Auditors Report for the financial year 2017-18.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has no activities relating to conservation of energy and technology absorption as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) the Companies (Accounts) Rules, 2014. But the Company has taken necessary measures wherever possible for the conservation of energy. However, your Company uses information technology in its operations and also continues its endeavor to improve energy conservation and utilization, safety and environment.

Your Company has not utilized or earned any foreign exchange during the year ended March 31, 2018 (Previous Year – Nil).

13. DIRECTORS & KEY MANAGERIAL PERSONNEL

DIRECTORS

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 and pursuant to the Articles of Association of your Company, Sri K. Manicka Raj, IAS, Director, Sri Kartikeya Misra, IAS, Director and Sri R. Prabhakar Goud, Director of your Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. The Board, therefore, recommends the re-appointment of Sri K. Manicka Raj, IAS, Sri Kartikeya Misra, IAS and Sri R. Prabhakar Goud as Directors of your Company.

Further, during the financial year under review the following Appointment, Re-appointment, Change in Designation, Resignation of Directors has occurred:

1. SIDBI has appointed Sri Bijay Kumar Bose as Non-Executive Chairman of APITCO Limited in place of Sri S. V. G. Nandagopal.
2. SIDBI has appointed Sri KVL Narasimham as Managing Director of the Company in place of Sri. V Ramchander.
3. Sri U.V.V.L Prasad nominated by Andhra Bank was appointed on the Board of the Company in place of Sri R. Padmanabhan.
4. Sri R. Manohar nominated by Indian Bank was appointed on the Board of the Company in place of Sri G. Lakshmipathi Reddy.

KEY MANAGERIAL PERSONNEL (KMP)

As per the provisions of Section 203 of the Companies Act, 2013 (the Act) read with Rule 8 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed Company and every other Public Company having a paid-up share capital of ten crores rupees or more shall have whole-time Key Managerial Personnel (KMPs) namely (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director; (ii) Company Secretary; and (iii) Chief Financial Officer. Your Company is not required to appoint any whole-time KMPs as the paid-up share capital of the Company is less than the limit as prescribed above.

However, during the financial year under review, Sri. V Ramchander (01-04-2017 to 04-01-2018) and Sri KVL Narasimham (04-01-2018 to 31-03-2018) served as Managing Directors of the Company by virtue of SIDBI's appointment as per Articles of Association of the Company.

14. MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2017-18, four (4) meetings of the Board of Directors of the Company were held on the following dates:

Board Meeting Number	Date of Board Meeting	Directors Present
185	30-06-2017	<ul style="list-style-type: none">- Sri S. V. G. Nandagopal- Sri V. Ramchander- Sri G. Sampath Kumar- Sri S. P. Sharma- Sri R. Prabhakar Goud
186	09-08-2017	<ul style="list-style-type: none">- Sri S. V. G. Nandagopal- Sri V. Ramchander- Sri G. Sampath Kumar- Sri R. Padmanabhan- Sri S. P. Sharma- Sri R. Prabhakar Goud
187	22-12-2017	<ul style="list-style-type: none">- Sri Bijay Kumar Bose- Sri V. Ramchander- Sri S. P. Sharma- Sri U.V.V.L Prasad- Sri R. Prabhakar Goud- Sri R. Manohar

188	04-01-2018	<ul style="list-style-type: none"> - Sri Bijay Kumar Bose - Sri KVL. Narasimham - Sri V. Ramchander - Sri G. Sampath Kumar - Sri R. Manohar - Sri S. P. Sharma
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15. PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosure pursuant to the provisions of Section 134(3) (q) of the Companies Act, 2013 read with Rule 5(2) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence, no such particulars in this regard are annexed.

16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In the Financial Year 2017-18, the Company has not given any loan, guarantees or made any investments exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is higher, as prescribed in Section 186 of the Companies Act, 2013.

17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

NIL

18. EXTRACT OF THE ANNUAL RETURN

The extract of annual return as on the financial year ended March 31, 2018 in Form No. MGT-9 is annexed and form part of this Board's Report.

19. RISK MANAGEMENT POLICY

The Company has Risk Management Policy approved by the Board of Directors of the Company.

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

No significant and material orders were passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

21. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 134(5) of the Companies Act, 2013 (Act) read with relevant Rules made there under, your Directors confirm that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit and loss of your Company for that period;
- (iii) 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 your Company and for preventing and detecting fraud and other irregularities;

- (iv) the Directors had prepared the annual accounts for the financial year ended March 31, 2018 on a going concern basis; and
- (v) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Further, your Directors confirm that your Company has adequate internal systems and controls in place to ensure compliance of laws applicable to your Company.

22. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financials controls commensurate with the size of the Company.

23. ACKNOWLEDGEMENT

The Board expresses its sincere gratitude to SIDBI for the guidance and support given all along to the Organisation.

The Board sincerely thanks various Ministries, Organizations & Departments under Government of India, Government of Andhra Pradesh and Telangana for patronizing the Organisation and requests them to extend their support on a continuous basis.

The Board also acknowledges the support extended by State Bank of India, Andhra Bank, State Bank of Hyderabad, Vijaya Bank, Syndicate Bank, Indian Bank, IFCI, ICICI, IDBI Bank, APSFC & APIDC and expresses its gratitude and also seek their patronage further.

The Board also expresses its thanks to all the valued customers for patronizing the Organization and the service providers, External Consultants & Domain Experts for associating and assisting the Organisation in delivering the services.

The Board also appreciates and thanks all the shareholders of the Organisation for the support extended, trust reposed and valuable advice rendered.

The Board place on record their appreciation of the significant contribution made by Sri S. V. G. Nandagopal, Chairman and Sri. V Ramchander, Managing Director, during his tenure and the benefit derived by the Company from his experience and advice

The Board acknowledges the commitment, hard work and contribution made by all the employees despite constraints and calls upon them to rededicate themselves to perform better and provide quality services, which would put the Organisation back on positive growth track.

Place : Hyderabad
Date : 07-07-2018

For and on behalf of the Board of Directors

Chairman

ADDENDUM TO DIRECTORS REPORT

S No	AUDITOR COMMENT	REPLY
1	Delay in Payment of Statutory Dues	The delay was due to Liquidity problems. However TDS were paid subsequently. Service Tax, GST and Provident Fund Dues would be settled in due course.
2.	Proposed Divident for the year 2015-16 amounting Rs 13.90 lakhs is yet to be paid to Institutional Share holders as on 31-03-2018. The Diviend tax amounting to Rs. 2.96 lakhs is alos unpaid as on 31.03.2018	The Company is arranging to pay Divident and Dividend Tax in the near future.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF APITCO LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of APITCO Limited, Hyderabad for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 07 July 2018.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of APITCO Limited, Hyderabad for the year ended 31 March 2018 under Section 143(6)(a) of the Act.

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



(L. Tochhawng)

Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad
Date: 25 July 2018

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of APITCO Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of APITCO Limited ('the Company'), which comprise the balance sheet as at March 31 2018, the statement of profit and loss, the statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date;
- c) in the case of the Statement of Cash Flow, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) 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.
 - (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 those books;
 - (c) The balance sheet, the statement of profit and loss and the statement of cash flows dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;
 - (e) On the basis of the written representations received from the directors as on March 31 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) 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"; and
 - (g) 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, 2016, 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 22 (12) to the Financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts;
 - iii. the company has not transferred the amounts, required to be transferred, to the Investor Education and Protection Fund by the Company as on 31st March'2018.

For Agarwal and Ladda
Chartered Accountants
FRN: 0125105

Place : Hyderabad
Date : 07/07/2018

Arvind Kumar Agarwal
Partner
M No: 224015

ANNEXURE - A TO THE AUDITOR'S REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Financial Statements for the year ended 31 March 2018, we report that:

(i) In respect of its fixed assets :

- (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 over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material 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.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held by the company, hence this clause is not applicable to the company.

(ii) In respect of its inventory :

The Company is a service company, primarily rendering consultancy services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has accepted Unsecured Loan from the Provident Fund Trust maintained by the company. Total Amount borrowed from the trust is Rs. 82,00,000/-. Total amount repayable to the Trust as on March 31 2018 is Rs. 1,01,22,342/-.
- (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 provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have not been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanation given to us, there are no dues of income tax, sales tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except for Provident Fund amounting Rs. 62,29,657/-, Employees State Insurance Rs 20,567 /-, Service tax amounting Rs. 28,52,653/- and GST amounting Rs.14,04,033/- were in arrears as at March 31 2018 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 material 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, provisions of section 197 read with Schedule V to the Act is not applicable to the Company.
- (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 is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Agarwal and Ladda
Chartered Accountants
FRN: 0125105

Place : Hyderabad
Date : 07/07/20108

Arvind Kumar Agarwal
Partner
M No: 224015

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 APITCO Limited ("the Company") as of March 31 2018 in conjunction with our audit of the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting 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 March 31 2018, 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 Agarwal and Ladda
Chartered Accountants
FRN: 0125105

Place : Hyderabad
Date : 07/07/20108

Arvind Kumar Agarwal
Partner
M No: 224015

ADDENDUM TO INDEPENDENT AUDIT REPORT

of M/s APITCO LIMITED under Section 143(5) of the Companies Act, 2013 for the year ended 31.03.2018

Report in compliance with the directions issued by the C&AG u/s 143(5) of the Companies Act, 2013 :

S No	Particulars	Auditors Comment
1.	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	According to the information and explanations given by the management, and according to the books and records as produced and examined by us, the Company does not have freehold land for which title/Lease deeds are not available.
2.	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	The Company had not written off any debts during the financial year 2017-18. The Company has provided Rs.13, 36,722/- towards "Provision for Doubtful Trade Receivables" as on 31/03/2018 as per the guidelines of "Debtors Provisioning Policy" of the Company. The Company has not granted any loans and hence write-off is not applicable to the company.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	<p>The Company is a service company, primarily rendering consultancy services. Accordingly, it does not hold any physical inventories either with self or third parties.</p> <p>The Company has not received any gift(s) from Government or from any other authorities during the year 2017-18.</p>

For Agarwal and Ladda
Chartered Accountants
FRN: 012510S

Place : Hyderabad
Date : 07/07/20108

Arvind Kumar Agarwal
Partner
M No: 224015

BALANCE SHEET

Balance Sheet as at March 31, 2018

	Note No.	As at 31-03-2018 Rs.	As at 31-03-2017 Rs.
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	19,398,000	19,398,000
(b) Reserves and Surplus	2	88,724,175	128,236,217
(c) Money received against Share Warrants		-	-
		108,122,175	147,634,217
2 Share application money pending allotment		-	-
3 Non-Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (net)		-	-
(c) Other Long Term Liabilities	3	6,864,335	6,864,335
(d) Long-Term Provisions	4	14,497,253	15,356,706
		21,361,588	22,221,041
4 Current Liabilities			
(a) Short-Term Borrowings		10,122,342	8,684,507
(b) Trade Payables		-	-
(c) Other Current Liabilities	5	118,139,837	113,853,384
(d) Short-Term Provisions	6	13,161,822	11,959,685
		141,424,001	134,227,576
TOTAL		270,907,764	304,082,834
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible assets	7	697,770	798,959
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(v) Fixed Assets held for Sale		-	-
		697,770	798,959
(b) Non-Current Investments	8	3,000,000	3,000,000
(c) Deferred Tax Assets (Net)	9	4,024,763	5,917,615
(d) Long-Term Loans and Advances	10	24,459,914	11,339,381
(e) Other Non-Current Assets	11	119,914,201	84,653,781
		151,398,878	104,910,777
2 Current Assets			
(a) Current Investments		1,300,000	1,300,000
(b) Inventories		-	-
(c) Trade Receivables	12	23,633,518	83,477,189
(d) Cash and Cash Equivalents	13	44,725,074	49,032,937
(e) Short-Term Loans and Advances	14	47,008,020	60,931,502
(f) Other Current Assets	15	2,144,504	3,631,470
		118,811,116	198,373,098
TOTAL		270,907,764	304,082,834

See accompanying Notes forming part of the Financial Statements

In terms of our report attached
For and on behalf of
Agarwal and Ladda
Chartered Accountants
Firm Registration No.:0125105
Arvind Kumar Agarwal
Partner
Membership No.: 224015
Place : Hyderabad
Date : 07-07-2018

For and on behalf of the Board of Directors
Bijay Kumar Bose KVL Narasimham
Chairman Managing Director
Sanjay Jain R. Prabhakar Goud
Director Director
P. Seshagiri Rao
Chief Consultant &
Company Secretary
Place : Hyderabad
Date : 07-07-2018

STATEMENT OF PROFIT AND LOSS

Statement of Profit and Loss for the year ended March 31, 2018

	Note No.	For the year ended 31-03-2018 Rs.	For the year ended 31-03-2017 Rs.
A CONTINUING OPERATIONS			
1 Revenue from Operations	16	39,096,321	172,183,614
2 Other Income	17	3,580,841	3,839,065
3 Total Revenue (1+2)		42,677,162	176,022,679
4 Expenses			
(a) Operating Expenses	18	25,031,425	191,876,750
(b) Employee Benefits Expenses	19	39,929,079	50,098,170
(c) Finance Costs	20	1,494,057	640,913
(d) Depreciation and amortisation Expenses		101,189	431,831
(e) Administrative & Other Expenses	21	13,740,602	17,546,348
Total Expenses		80,296,352	260,594,012
5 Profit before Exceptional and Extraordinary Items and Tax (3 - 4)		(37,619,190)	(84,571,333)
6 Exceptional items		-	-
7 Profit before Extraordinary Items and Tax (5 - 6)		(37,619,190)	(84,571,333)
8 Extraordinary items		-	-
9 Profit before tax (7 - 8)		(37,619,190)	(84,571,333)
10 Tax Expense:			
(a) Current Tax Expense for Current Year		-	-
(b) (Less): MAT credit (where applicable)		-	-
(c) Current Tax Expense relating to Prior Years		-	-
(d) Net Current Tax Expense		-	-
(e) Deferred tax		1,892,852	(399,245)
		1,892,852	(399,245)
11 Profit from Continuing Operations (9 -10)		(39,512,042)	(84,172,088)
B DISCONTINUING OPERATIONS			
12 Profit / (Loss) from Discontinuing Operations (before tax)		-	-
13 Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
14 Add / (Less): Tax expense of discontinuing operations		-	-
(a) on ordinary activities attributable to the discontinuing operations		-	-
(b) on gain / (loss) on disposal of assets / settlement of liabilities		-	-
15 Profit / (Loss) from Discontinuing Operations		-	-
16 Profit for the year (11 ± 15)		(39,512,042)	(84,172,088)

See accompanying Notes forming part of the Financial Statements

22

In terms of our report attached

For and on behalf of
Agarwal and Ladda
Chartered Accountants
Firm Registration No.:0125105

Arvind Kumar Agarwal
Partner
Membership No.: 224015

Place : Hyderabad
Date : 07-07-2018

For and on behalf of the Board of Directors

Bijay Kumar Bose KVL Narasimham
Chairman Managing Director
Sanjay Jain R. Prabhakar Goud
Director Director

P. Seshagiri Rao
Chief Consultant &
Company Secretary

Place : Hyderabad
Date : 07-07-2018

NOTES

Notes forming part of the financial statements

NOTE - 1

Share Capital	31 March 2018	31 March 2017
	Amount (Rs.)	Amount (Rs.)
Authorised		
20,00,000 Equity Shares of Rs. 10/- each	20,000,000	20,000,000
Issued		
19,39,800 Equity Shares of Rs. 10/- each	19,398,000	19,398,000
Subscribed & Paid-up		
19,39,800 Equity Shares of Rs. 10/- each fully paid-up	19,398,000	19,398,000
Subscribed but not fully Paid up	-	-
Total	19,398,000	19,398,000

NOTE - 1 A

Particulars	Equity Shares	
	Number	Amount (Rs.)
Shares outstanding at the beginning of the year	1,939,800	19,398,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	1,939,800	19,398,000

NOTE - 1 B

No Holding Company

NOTE - 1 C

SR NO	Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
		No. of Shares held (Face value of Rs. 10/- each)	% of Holding	No. of Shares held (Face value of Rs. 10/- each)	% of Holding
1	Small Industries Development Bank of India (SIDBI)	801,000	41.29%	801,000	41.29%
2	Andhra Pradesh State Financial Corporation (APSFC)	243,000	12.53%	243,000	12.53%
3	Andhra Pradesh Industrial Development Corporation (APIDC)	180,000	9.28%	180,000	9.28%
4	Andhra Bank	180,000	9.28%	180,000	9.28%
5	Syndicate Bank	180,000	9.28%	180,000	9.28%
6	IFCI Limited	108,000	5.57%	108,000	5.57%
7	ICICI Bank	90,000	4.64%	90,000	4.64%
8	Others	157,800	8.13%	157,800	8.13%
		1,939,800	100%	1,939,800	100%

NOTES

NOTE 1 D

Particulars	(Aggregate No. of Shares) for the year ended				
	2017-18	2016-17	2015-16	2014-15	2013-14
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares (Face Value of Rs. 1000 each in 2010-11 and Face value of Rs. 10/- each in 2012-13)	-	-	-	-	-
Shares bought back	-	-	-	-	-
Preference Shares :	-NIL-				
Fully paid up pursuant to contract(s) without payment being received in cash					
Fully paid up by way of bonus shares					
Shares bought back					

NOTE 1 E

Unpaid Calls	
By Directors	Nil
By Officers	Nil

NOTE 1 F

Nil

NOTE - 2

Reserves & Surplus	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
A. General Reserve		
Opening Balance	15,684,000	15,684,000
(+) Current Year Transfer	-	-
Closing Balance	15,684,000	15,684,000
B. Surplus		
Opening balance	112,552,217	196,724,305
(+) Net Profit/(Net Loss) For the current year	(39,512,042)	(84,172,088)
(-) Capitalization by issue of 9,69,900 Bonus Shares of Rs. 10/- each	-	-
(-) Proposed Dividends & Tax	-	-
(-) Transfer to Reserves	-	-
Closing Balance	73,040,175	112,552,217
Total	88,724,175	128,236,217

NOTES

NOTE - 3

Other Long Term Liabilities	As at 31 March 2018 Amount (Rs.)	As at 31 March 2017 Amount (Rs.)
(a) Trade Payables	-	-
(b) Variable Remuneration Payable	6,864,335	6,864,335
Total	6,864,335	6,864,335

NOTE - 4

Long - Term Provisions	As at 31 March 2018 Amount (Rs.)	As at 31 March 2017 Amount (Rs.)
(a) Provision for employee benefits		
Superannuation	-	-
Gratuity (unfunded)	1,803,740	1,839,698
Leave Encashment	12,058,900	13,130,376
Leave Fare Allowance	634,613	386,632
(b) Others (Specify nature)	-	-
Total	14,497,253	15,356,706

NOTE - 5

Other Current Liabilities	As at 31 March 2018 Amount (Rs.)	As at 31 March 2017 Amount (Rs.)
(a) Service Tax Payable	5,262,047	4,477,523
(b) GST Payable	2,880,795	-
(c) Performance Incentive - Managing Director	423,940	423,940
(d) TDS on Contract, Profession, Rent and Salaries	1,965,609	3,584,320
e) Provision for expenditure for executed assignments	39,595,251	52,216,904
(f) Advances from Clients	33,343,691	31,389,793
(g) Proposed Dividend & Tax	1,686,673	1,686,673
(h) Others	32,981,831	19,804,231
Total	118,139,837	113,583,384

NOTES

NOTE - 6

Short - Term Provisions	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
(a) Provision for employee benefits		
Salary & Reimbursements	12,334,520	7,245,762
Leave Encashment	827,302	752,792
(b) Taxation	-	3,961,131
Total	13,161,822	11,959,685

NOTE - 7

TANGIBLE ASSETS

(Amount in Rupees)

Particulars	COST				DEPRECIATION (including amortisation)				NET BOOK VALUE	
	As at 01.04.2017	Additions During the Year	Deductions During the Year	As at 31.03.2018	Up to 01.04.2017	For the Year	On Deductions During the Year	Up to 31.03.2018	As at 31.03.2018	As at 31.03.2017
Computers	4,919,429	-	-	4,919,429	4,754,453	1,070	-	4,755,523	163,906	164,976
Office Equipment	8,760,406	-	-	8,760,406	8,242,024	93,953	-	8,335,977	424,429	518,382
Furniture and Fixtures	1,921,229	-	-	1,921,229	1,858,832	6,166	-	1,864,998	56,231	62,397
Vehicles	1,064,080	-	-	1,064,080	1,010,876	-	-	1,010,876	53,204	53,204
Total	16,665,144	-	-	16,665,144	15,866,185	101,189	-	15,957,734	697,770	798,959
Previous Year	16,665,144	-	-	16,665,144	15,434,354	431,831	-	15,866,185	798,959	-

NOTE - 8

Non - Current Investments	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
Non-Trade, Unquoted, Long Term :		
(a) India SME Asset Reconstruction Company Limited (300,000 Equity Shares @ Rs. 10/- each, fully paid-up)	3,000,000	3,000,000
Total	3,000,000	3,000,000

NOTES

NOTE - 9

Deferred Tax Assets (Net)	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
(a) Fixed Assets	705,277	1,112,928
(b) Leave Encashment	3,319,486	4,804,687
Total	4,024,763	5,917,615

NOTE - 10

Long-Term Loans and Advances	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
a) Unsecured, considered good:		
Income Tax Refunds	23,645,505	10,524,972
Provident Fund Deposits	814,409	814,409
Total	24,459,914	11,339,381

NOTE - 11

Other Non-Current Assets	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
Trade receivables outstanding for a period exceeding one year :		
Secured, considered good	-	-
Unsecured, considered good	119,914,201	84,653,781
Unsecured, considered doubtful	5,651,543	4,314,821
	125,565,744	88,968,602
Less: Provision for doubtful debts	5,651,543	4,314,821
Total	119,914,201	84,653,781

NOTES

NOTE - 12

Trade Receivable	As at 31 March 2018 Amount (Rs.)	As at 31 March 2017 Amount (Rs.)
Trade Receivables for a period within six months:		
Secured, considered good	-	-
Unsecured, considered good	20,225,131	55,553,647
Unsecured, considered doubtful	-	-
	20,225,131	55,553,647
Less: Provision for doubtful debts	-	-
	20,225,131	55,553,647
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	3,408,387	27,923,542
Unsecured, considered doubtful	-	-
	3,408,387	27,923,542
Less: Provision for doubtful debts	-	-
	3,408,387	27,923,542
Total	23,633,518	83,477,189

NOTE 12 A

Trade Receivable stated above include debts due by :

Particulars	As at 31 March 2018 Amount (Rs.)	As at 31 March 2017 Amount (Rs.)
Directors	-	-
Other officers of the Company	-	-
Firm in which Director is a partner	-	-
Private Company in which Director is a member	-	-
Total	-	-

NOTES

NOTE - 13

Cash and Cash Equivalents	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
(a) Balances with Banks in Current Accounts	1,767,852	1,498,466
b) Bank Deposits:		
Bank deposits with more than 12 months maturity	31,936,952	22,874,679
Bank deposits with less than 12 months maturity	11,020,270	24,659,792
(c) Cheques, drafts on hand	-	-
(d) Cash on hand	-	-
Total	44,725,074	49,032,937

NOTE - 14

Short-Term Loans and Advances	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
Unsecured, Considered Good :		
(a) Loans and advances to related parties	-	-
(b) Advances Recoverable in Cash or in kind or for Value to be received:		
(i) Assignment / Vendor Advances / Others	36,001,763	37,347,875
(ii) Service Tax Receivable	2,409,394	2,409,394
(c) Advance Income Tax	-	-
(d) TDS Receivables	4,918,900	17,081,665
(e) Deposits including EMDs	3,677,963	4,092,568
Total	47,008,020	60,931,502

NOTE 15

Other Current Assets	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
(a) Interest accrued but not due on Fixed Deposits & on Bonds	1,905,469	3,235,439
(b) Prepaid Expenses	239,035	396,031
Total	2,144,504	3,631,470

NOTE - 16

Revenue from Operations	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
Revenue from Business Services		
1 Skill Development & EDPs	19,499,803	142,942,618
2 Tourism Infrastructure Development	-	1,569,030
3 Research Studies	777,434	6,166,383
4 Project related Services, Infrastructure Planning & Development	12,278,105	15,228,665
5 Environment Management	-	937,500
6 Energy related Services	-	273,965
7 Cluster Development	2,278,336	1,235,370
8 Asset Reconstruction & Management Services	4,262,643	3,830,083
Total	39,096,321	172,183,614

NOTE - 17

Other Income	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
Interest on Fixed Deposits & Investments (Bonds)	3,557,581	3,830,453
Miscellaneous	23,260	8,612
Total	3,580,841	3,839,065

NOTE - 18

Operating Expenses	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
Opening Expenses of Business Services		
Skill Development & EDPs	12,182,385	176,268,141
Market Surveys	4,586,946	5,583,621
Project Management & Inspection	3,121,285	4,994,212
Infrastructure Planning Services	142,892	904,828
Environment Management	-	98,127
Energy related Services	406,712	310,618
Cluster Development	1,099,296	676,870
Asset Reconstruction & Management Services	3,491,909	3,040,333
Total	25,031,425	191,876,750

NOTE - 19

Employee Benefits Expenses	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
(a) Salaries and incentives	32,992,901	44,734,762
(b) Contributions to Provident Fund	2,519,160	3,296,652
(c) Gratuity fund contributions	-	611,488
(d) Leave Encashment	4,064,938	845,307
(e) Staff welfare expenses	352,080	609,961
Total	39,929,079	50,098,170

NOTE - 20

Finance Costs	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
Interest expense on short term borrowings	1,471,709	592,532
Bank Charges	22,348	48,381
Total	1,494,057	640,913

NOTE - 21

Administrative & Other expenses	As at 31 March 2018	As at 31 March 2017
	Amount (Rs.)	Amount (Rs.)
1 Rent	4,697,308	4,398,196
2 Rates and Taxes	160,746	683,671
3 Insurance	36,270	384,847
4 Electricity	651,629	743,981
5 Repairs and Maintenance	721,547	2,086,695
6 Travelling and Conveyance	2,009,067	3,685,687
7 Postage & Communication	543,016	962,174
8 Printing and Stationery	543,247	947,297
9 Security Charges	645,399	698,354
10 Office Maintenance	683,381	781,459
11 Professional Fees	1,462,453	500,958
12 Membership Fees & Books and Periodical	62,362	136,354
13 Directors' Sitting Fees	90,000	90,000
14 Provision for Doubtful Trade Receivables	1,336,722	1,361,885
15 Miscellaneous Expenses	27,455	14,790
Total (1)	13,670,602	17,476,348

NOTES

Sl No	Audit fees	As at 31 March 2018	As at 31 March 2017
		Amount (Rs.)	Amount (Rs.)
1	Payments to the auditor as		
	a. auditor,	60,000	60,000
	b. for taxation matters,	10,000	10,000
	c. for company law matters,		-
	d. for management services,		-
	f. for reimbursement of expenses;		-
	Total (2)	70,000	70,000
	Total (1+2)	13,740,602	17,546,348

NOTES

NOTE - 22

1. Corporate Information :

APITCO Limited (APITCO) is a Public Limited Company incorporated under the provisions of the Companies Act, 2013.

APITCO is a multi-disciplinary Consultancy Organization rendering Consulting Services in the areas of Project identification, Project counseling, Pre-feasibility reports, Detailed project feasibility studies, Infrastructure planning, Due diligence of business proposals, Project Monitoring Services, Market assessment, Expansion & debt restructuring, Diversification and turnaround strategies, Energy audits, Waste minimization, Environment impact assessment, Valuation of Assets, Skill development, Extending handholding to micro entrepreneurs through its 'escort services', Development of Industry Clusters (Cluster Development), Non Performing Assets Resolution, and Due diligence (legal & financial) of Non Performing Assets.

2. Significant Accounting Policies :

(i) Basis of Accounting

The financial statements of the Company are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of The Companies Act, 2013 of India (The Act).

(ii) Fixed Assets and Depreciation / Amortisation

Fixed Assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes freight, installation cost, duties, levies and all incidental expenses attributable to bringing the asset to its working condition.

Depreciation on fixed assets is being provided as per Schedule II of The Act. Individual assets acquired for less than Rs. 5,000/- are entirely depreciated in the year of acquisition.

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the profit and loss account.

(iii) Investments

Investments in Bonds and Fixed Deposits of financial institutions and other approved Government organizations are Long-term investments and are valued at cost with an appropriate provision for any permanent diminution in value.

(iv) Taxes on Income

Tax expense for the year comprises of current tax and deferred tax. Current taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit and loss account in the year of change. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

(v) Income Recognition

Income from Operations in respect of assignments undertaken by the Company are accounted for as follows :

- a) Private parties, Banks etc on submission of the final reports.
- b) Government, Corporations and Government Companies etc., on submission of draft reports or as per the milestones accomplished in accordance with the Terms of Reference (ToR) for the assignment.
- c) Revenue in respect of projects / assignments of long term duration in implementation are recognized on the basis of stage-wise completion as per the Terms of Reference (ToR) for the respective project / assignment.

- d) Subsidies / Grant-in-Aid from Central / State Level Departments / Corporations, if availed or received, are considered as part of the fee for the respective assignment.
- e) Revenue on account of training programmes are taken into account on completion of specific phases as per the Terms of Reference (ToR) for such programmes.
- f) Revenues in respect of incomplete assignments are not taken into account, since quantification of revenue cannot be ascertained precisely, unless they are completed.
- g) Interest on deployment of surplus funds is recognized using the time proportion method based on interest rates implicit in the transaction.
- (v) Retirement Benefits

Gratuity

Gratuity payable to eligible employees is administered through a separate Trust, which has taken a policy with LIC of India. Gratuity is provided on actuarial valuation made by LIC as at the Balance Sheet date.

Leave Encashment

The liability of leave encashment is provided for on actuarial valuation as required under AS 15. The basis of calculation is as follows:

No. of Member	29
Average Age	49
Average Monthly Salary	Rs. 53,373/-
Valuation Method	Projected Unit Credit Method
Actuarial Assumptions:	
- Mortality Rate	LIC (2006-08) ultimate
- Withdrawal Rate	1% to 3% depending on age
- Discount Rate	7.5% p.a.
- Salary Escalation	5%

Provident Fund

Provident Fund payable to eligible employees is administered through a separate Trust, which is maintained by the Company. Monthly EPS (pension) is paid to the EPF department on monthly basis.

3. (i) Remuneration to Managing Director

(Amount in Rs.)

	01.04.2017 To 31.03.2018	01.04.2016 To 31.03.2017
Salary	1,945,479	3,010,234
Allowances and other benefits including performance incentive	216,050	376,602
Total	2,161,529	3,386,836

- (ii) The computation of profit under section 198 of The Act for calculation of performance incentive of Managing Directors is as follows:

(Amount in Rs.)

Profit before tax / (Loss) (Before charging performance incentive)	(37,619,190)
Add: Depreciation provided in books	101,189
Less: Depreciation u/s Income Tax Act	579,123
Profit u/s 198	(38,097,124)
Performance Incentive: 2.5% of net profit subject to a ceiling equivalent to 50% of Basic plus Dearness Allowance for the year	
- 2.5% of profit	-
- 50% of Basic plus Dearness Allowance for the year	972,740
Performance Incentive	-

4. (i) Expenditure incurred in Foreign Currency

(Amount in Rs.)

	01.04.2017 To 31.03.2018	01.04.2016 To 31.03.2017
Traveling – Director(s)	-	-
SME Delegation & Others	-	-
Total	-	-

- (ii) Earnings in Foreign Currency:

NIL

5. Deferred Tax Assets:

Deferred Tax Asset in respect of Fixed Assets of Rs. 705,277/- and Deferred Tax Asset in respect of Leave Encashment of Rs. 3,319,486/- at the end of the year after adjusting current year timing difference to the opening balances was provided in the accounts.

6. Current assets, loans and advances are realizable at a value, which is at least equal to the amount, at which these are stated, in the ordinary course of business.
7. The Company is not paying GST on Skill Development Training programmes sponsored by MEPMA GoAP basing on Notification No. 12/2017 – Central Tax (Rate) issued by Ministry of Finance, GoI dated 28-06-2017.
8. The Company had "Debtors Provisioning Policy – Revised 2015" approved by the Board at its meeting held on 21-03-2016. As per the policy, the Company has provided Rs. 5,651,543/- towards Provision for Doubtful Debts as on 31-03-2018.
9. TDS receivables as per books as on 31-03-2018 amounts to Rs. 49.19 lakhs as against Rs. 49.59 lakhs as per AS26. The difference is on account of non filing from client's side as well as difference in timing in revenue recognition by Company and the payments made by the clients.
10. Proposed Dividend for the year 2015-16 amounting to Rs. 13.90 lakhs is yet to be paid to Institutional Shareholders as on 31-03-2018. The Dividend tax amounting to Rs. 2.96 lakhs is also unpaid as on 31-03-2018.
11. Dues to micro, small and medium enterprises & small-scale industrial undertakings:
As at March 31, 2018, the Company has no outstanding dues to micro, small and medium enterprises who have submitted memorandum to the concerned authorities as per the relevant provisions of Micro, Small Medium Enterprises Development Act, 2006 and the Company has no outstanding dues to small-scale industrial undertakings.

12. Contingent Liabilities:

(a) Bank Guarantees:

The following are the Bank Guarantees given to various Government Organizations & Ministry's, Companies and Institutions:

S.No	Issued to	Amount (Rs.)
1	Khadi & Village Industries Commission, Trivandrum	382,987
2	SIDBI, Lucknow	894,500
Total		1,277,487

- (b) APIDC Limited rental arrears demand of Rs. 6,675,567/- for the period 1-11-1998 to 31-01-2008. This claim is not acknowledged as debt by the Company since Government Order No. 431 dated 28-12-1993 issued by Industries & Commerce (IP) Department, Government of Andhra Pradesh was in force till 12-02-2008.

(c) Provident Fund:

- (i) Office of the Regional Provident Fund Commissioner, Exemption, Regional Office, Hyderabad had issued ORDER dated August 08, 2010 vide letter no. AP/RO-HYD/Exemp./25139/2010/1178 for payment of Rs. 16,28,118/- towards P.F. in respect of contract consultant employees not enrolled to P.F. Membership for the period 01-04-2006 to 31-03-2009.

APITCO has appealed against the ORDER before "EPF Appellate Tribunal", New Delhi on October 06, 2010. APITCO has appointed Mr. Koka Satyanarayana Rao, Advocate to represent our case before "EPF Appellate Tribunal", New Delhi.

This claim is not acknowledged as debt by the Company.

- (ii) Office of the Regional Provident Fund Commissioner, Exemption, Regional Office, Hyderabad had issued ORDER dated May 08, 2018 vide letter no. AP/25139/Exemp.Cell/RO/HYD/2018/227 for payment of Rs. 32,58,332/- towards P.F. in respect of contract consultant employees not enrolled to P.F. Membership for the period 01-04-2011 to 31-03-2013.

APITCO is in the process of appealing against the ORDER before the "Appellate Tribunal", Hyderabad.

This claim is not acknowledged as debt by the Company.

(d) Legal Matters:

Mrs. Lakhi Swain of Bhubaneswar had filed civil suit in the Court of the Civil Judge (SR. Division), Bhubaneswar towards recover of rental arrears for the period May 2015 to April 2017 amounting to Rs. 10,89,000/- plus damages and other costs amounting to Rs. 13,80,686/-.

13. Debit and credit balances as on March 31, 2018 are not confirmed.

14. Foreign Currency Conversion:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in they arise in which they arise

CASH FLOW STATEMENT

Cash Flow Statement for the year ended March 31, 2018

	2017-2018 Rs.	2016-2017 Rs.
A Cash flow from Operating Activities:		
Net Profit before tax	(41,176,771)	(88,401,786)
Depreciation	101,189	431,831
Operating Profit Before changes in Working Capital	(41,075,582)	(87,969,955)
Movements in Working Capital		
(Increase)/Decrease in Debtors	24,583,251	(4,978,241)
(Increase)/Decrease in Other Current Assets	1,486,966	62,595
(Increase)/Decrease in Loans and Advances	13,923,482	17,930,069
Increase/(Decrease) in Trade Payables	-	-
(Increase)/Decrease in Long Term Loans and Advances	(13,120,533)	127,455
Increase/(Decrease) in Short-Term Borrowings	1,437,835	8,684,507
Increase/(Decrease) in Other Long Term Provisions	(859,453)	968,533
Increase/(Decrease) in Other Current Liabilities	4,556,453	41,431,430
Increase/(Decrease) in Short Term Provisions	1,202,137	6,591,946
Cash generated (used in)/from operations	(7,865,444)	(7,195,179)
Taxes (Paid) / Refund Net	(1,892,852)	399,245
Cash flow from Operating Activities	(9,758,296)	(6,795,934)
B Cash flow from Investing Activities		
Interest on Fixed Deposits & Investments	3,557,581	3,830,453
(Increase)/Decrease Deferred Tax Asset	1,892,852	(399,245)
(Increase)/Decrease in Fixed Assets	-	-
(Increase)/Decrease in Investments	-	-
Cash flow from Investing Activities	5,450,433	3,431,208
C Cash flow from Financing Activities		
Dividend Paid	-	64,350
Dividend Tax Paid	-	-
Cash flow from Financing Activities	-	64,350
Net (decrease)/Increase in cash and cash equivalents	(4,307,863)	(3,429,076)
Cash and cash equivalents at the beginning of the year	49,032,937	52,462,013
Cash and cash equivalents at the end of the year	44,725,074	49,032,937

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standard) Rules, 2006
2. Previous years' figures have been regrouped/ reclassified wherever applicable.

In terms of our report attached

For and on behalf of

Agarwal and Ladda

Chartered Accountants

Firm Registration No.:0125105

Arvind Kumar Agarwal

Partner

Membership No.: 224015

Place : Hyderabad

Date : 07-07-2018

For and on behalf of the Board of Directors

Bijay Kumar Bose

Chairman

Sanjay Jain

Director

P. Seshagiri Rao

Chief Consultant &

Company Secretary

Place : Hyderabad

Date : 07-07-2018

KVL Narasimham

Managing Director

R. Prabhakar Goud

Director

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