



# **49<sup>th</sup> ANNUAL REPORT 2021-22**

**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**

(A Government of Andhra Pradesh Undertaking)

Regd. Office : Parisrama Bhavan, 6th Floor, 5-9-58/B, Fateh Maidan Road, Hyderabad - 500004

Corporate Office : APIIC Towers, Plot No.1, Mangalagiri, Guntur Dist - 522 503, Andhra Pradesh







**ANDHRA PRADESH  
INDUSTRIAL INFRASTRUCTURE CORPORATION LTD  
CIN: U99999TG1973SGC001630**

**Regd.Office : Parisrama Bhavanam, 6th Floor, 5-9-58/B  
Fateh Maidan Road, Hyderabad-500004.**

**Corporate office : APIIC Towers, Plot No.1, Mangalagiri,  
Guntur District - 522503, Andhra Pradesh**



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## **GENERAL INFORMATION**

### **BOARD OF DIRECTORS :**

#### **a) Chairperson :**

1.	Smt R K Roja, MLA, Nagiri	From 14-08-2019 to 09-07-2021
2.	Sri Mettu Govinda Reddy	From 17-09-2021 to 22-07-2023

#### **b) Vice-Chairman & Managing Director:**

1.	Sri K.Raveen Kumar Reddy, IRTS, Vice-Chairman & Managing Director	From 23-11-2020 to 22-05-2021
2.	Sri J.V.N. Subramanyam, IAS, Vice-Chairman & Managing Director	From 22-05-2021 to 29-09-2022

#### **c) Directors:**

During the Financial Year 2021-22, the following are the Members of the Board

1.	Sri I. Mohan Rao, Joint Secy. to Govt., I&C Dept.,	From 27-01-2021 to 14-06-2021
2.	Sri R. Karikal Valaven, Spl. Chief Secy., Govt., I&C Dept.,	From 14-06-2021 to 22-07-2023
3.	Smt. G. Jaya Lakshmi, IAS, Principal Secy.,to Govt., ITE &C Dept	From 01-02-2021 to 16-06-2022
4.	Dr. K.V.V.Satyanarayana, IRAS, Special Secy., to Govt., Finance Dept	From 27-11-2019 to Till date
5.	Sri Nagulapalli Srikant, IAS, Secretary to Govt., Enery Dept	From 23-10-2019 to 24-01-2022
6.	Sri J.V.N Subramanyam, IAS, Commissioner of Industries	From 23-10-2019 to 23-10-2021
7.	Smt. Srijana Gummalla, IAS, Director of Industries	From 31-12-2021 to 06-04-2023
8.	Sri Karthikeya Mishra, IAS, Managing Director, APSFC	From 01-03-2020 to 17-04-2021
9.	Sri N. Gulzar, IAS Managing Director, APSFC	From 17-04-2021 to 24-01-2022
10.	Sri G. SRKR Vijay Kumar, IAS Member Secretary, APPCB	From 03-02-2021 to 24-01-2022
11.	Sri Pradeep Reddy Chinnareddyvari, Nominee Director	From 31-12-2021 to 22-07-2023
12.	Smt Matta Sylaja, Nominee Director	From 31-12-2021 to 22-07-2023
13.	Sri Gangadhar Reddy Duggireddy, Nominee Director	From 31-12-2021 to 22-07-2023
14.	Sri Kalluru Chandra Obula Reddy, Nominee Director	From 31-12-2021 to 22-07-2023
15.	Sri Sreenivasulu Reddy Rayavaram, Nominee Director	From 31-12-2021 to 22-07-2023
16.	Sri Rajinikanth Reddy Tadigotla, Nominee Director	From 31-12-2021 to 22-07-2023
17.	Smt. Jhansi Lakshmi Pala, Nominee Director	From 31-12-2021 to 22-07-2023
18.	Sri Govinda Raj Marri, Nominee Director	From 31-12-2021 to 22-07-2023
19.	Smt Sukanya Avula, Nominee Director	From 31-12-2021 to 22-07-2023
20.	Smt Muvva Swathi, Nominee Director	From 31-12-2021 to 22-07-2023
21.	Sri Molli Apparao, Nominee Director	From 31-12-2021 to 22-07-2023
22.	Smt Pydithalli Muthu, Nominee Director	From 31-12-2021 to 22-07-2023

**COMPANY SECRETARY**

Sri M. Siva S Reddy

**STATUTORY AUDITORS**

M/s. Polineni Associates  
Chartered Accountants  
6-12-47, 12/1-Arundelpet,  
Guntur- 522002

**SECRETARIAL AUDITORS**

N.V.S.S. SURYANARAYANA RAO  
Company Secretary in Practice  
Plot Mo.2328, Road No.6,  
Samthapuri Colony, New Nagol,  
Hyderabad - 500035

**COST AUDITORS**

M/s. K.G.Goyal Associates  
4A, Pocket-II, Phase-III  
New Delhi - 110096

**BANKERS**

Union Bank of India  
State Bank of India  
HDFC Bank Ltd.,  
Kotak Mahindra Bank  
Bank of India  
Canara Bank  
Indian Bank

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**(An undertaking of the Government of Andhra Pradesh)**  
CIN: U99999TG1973SGC001630

Regd. Office: 6<sup>th</sup> Floor, Parisrama Bhavan, 5-9-58/B, Fatehmaidan  
Road, P.O.Bag.No.5, Basheerbagh, Hyderabad-4  
Corporate Office : APIIC Towers, Plot No.1, IT Park, Mangalagiri, Guntur  
District Andhra Pradesh- 522503.

**NOTICE**

Notice is hereby given that the Adjourned 49th Annual General Meeting of the Members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held on Wednesday, the 4th day of September, 2024 at 11:00 AM at the Corporate Office of the Company to transact the following business:

**ORDINARY BUSINESS:**

To receive, consider and adopt the Financial Statements including the consolidated Financial Statements of the Company for the Financial Year 2021-22 containing Balance Sheet, Profit & Loss Statement, Cash Flow Statement, Accounting Policies, Notes to Accounts, Consolidated Balance Sheet, Consolidated Profit and Loss Statement, Consolidated Cash Flow Statement, Consolidated accounting Policies, Consolidated Notes to Accounts for the year ending 31st March 2022, Directors Report, Statutory Auditors Report, final Comments of the Comptroller and Auditor General of India and replies of the management thereon.

BY ORDER OF THE BOARD  
FOR APIIC LIMITED  
Sd/-  
Company Secretary I/c

Place: Mangalagiri  
Date : 22.08.2024

Note: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy in the form enclosed to attend and vote instead of himself and the proxy need not be a Member of the Company.



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**(An undertaking of the Government of Andhra Pradesh)**

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P.O.Bag.No.5, Basheerbagh, Hyderabad-4

Corporate Office: APIIC Towers, Plot No.1, IT Park, Mangalagiri,  
Guntur District, Andhra Pradesh- 522503.

**NOTICE**

Notice is hereby given that the 49th Annual General Meeting of the members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held at a shorter notice on Friday, the 30th day of September, 2022 at 11.00 A.M at the Corporate Office of the Company to transact the following business:

**ORDINARY BUSINESS:**

**1. Adoption of financial statements for the Financial Year 2021-22:**

To receive and adopt the financial statements including the consolidated financial statements of the company for the Financial year 2021-22 containing Balance Sheet, Profit & Loss statement and Cash flow statements, accounting policies, Notes to Accounts, Consolidated Balance Sheet, Consolidated Profit & Loss Statement, Consolidated Cash Flow Statement, Consolidated Notes to Accounts for the year ending 31st March 2022, Directors Report along with the Auditor's & Comptroller and Auditor General of India report.

**2. To authorize the Board of Directors to fix the remuneration to Statutory Auditor appointed by C&AG for the Financial Year 2021-22:**

To authorize the Board of Directors of the Corporation to fix the remuneration and out of pocket expenses to Statutory Auditors, who are appointed by the Comptroller and Auditor General of India under section 139(5) of the Companies Act, 2013 for the audit of annual accounts for the financial year 2021-22.

BY ORDER OF THE BOARD  
FOR APIIC LIMITED

Sd/-

M. Siva S Reddy  
Company Secretary

Place: Mangalagiri

Date : 19.09.2022

Note: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy in the form enclosed to attend and vote instead of himself and the proxy need not be a Member of the Company.

## **BOARD OF DIRECTOR'S REPORT**

**To  
The Members,  
Andhra Pradesh Industrial Infrastructure Corporation Limited.**

The Board of Directors presents the 49th Annual Report (Adjourned 49th AGM) on the business and operations of the Company and its Audited Statement of Financial statements for the year ended 31<sup>st</sup> March, 2022 together with the Auditors Reports and comments on the Accounts by the Comptroller and Auditor General (C&AG) of India.

### **CHANGE IN THE STATE OF COMPANY'S AFFAIRS:**

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

### **FINANCIAL RESULTS:**

The performance of the Company during the year 2021-22 vis-a-vis the previous year is summarized in the table below:

	(Amount in Rs. Crores)	
Financial Results	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
(a) Turnover (including Other Income)	283.44	310.32
(b) Net Profit/Loss (before depreciation and tax)	39.98	46.04
Less : Depreciation	(5.67)	(5.35)
(c) Net Profit/(Loss) before tax	34.31	40.69
Less : Tax expenses (including for deferred tax)	(10.41)	(16.56)
(d) Net Profit/(Loss) after tax	23.90	24.13

### **ACCOUNTING SYSTEM:**

To comply with the IND AS which are mandatory from 01.04.2015 the Land, Building, Sheds and other development works in the Industrial Parks, Industrial Development Areas, Autonagars, etc., of the Corporation are treated as Current Assets, till they are disposed off either on Outright Sale / long lease.

All lands and other assets relating to Special Economic Zones are treated Investment Property accounted on historical cost and the accumulated depreciation on land development cost is shown separately.

Property held to earn rentals or for capital appreciation in which portions could be sold separately is accounted for as investment property. The Lands, Buildings etc., held for usage by APIIC for administrative purpose is treated as Fixed Assets.

In respect of Government Lands taken possession in various places in the state pending alienation orders from the Government of Andhra Pradesh, the land taken possession is being capitalized in the Books of Accounts on provisional basis. Further the Government of Andhra Pradesh vide G.O.Ms.No. 106 dated 16.03.2017 of Industries and Commerce Department ordered for allotment of government lands to the company at free of cost. As such, the Government lands taken possession during the year is capitalized provisionally at a nominal cost of Rs.1/- per acre pending alienation orders. Where specific alienation orders are received in respect of government lands handed over to the company during the year, the same were capitalized at the rate/ amount mentioned in the alienation orders.

The Government of Andhra Pradesh have entrusted certain local authority powers to the Corporation like collection of Property Tax, maintenance of Common facility in respect of certain Industrial Parks and Industrial Development Areas. The local authority powers are vested with Industrial Area Local Authority (IALA) for each industrial area and the income and expenditure in this regard is being accounted for in the books of accounts maintained by the respective IALSs and hence not accounted for in the accounts of the Company.

#### **BIFURCATION STATUS OF APIIC PURSUANT TO A.P. REORGANISATION ACT, 2014:**

The business of the company was reorganised and segregated into Andhra region and Telangana region as per the provisions of the AP Reorganisation Act, 2014, w.e.f 02.06.2014 consequent to bifurcation of the erstwhile state of Andhra Pradesh. A new company namely TSIIC Limited was incorporated on 04.09.2014 under the Companies Act, 2013 and took over the Telangana Division of APIIC w.e.f 02.06.2014.

The company prepared demerger scheme as per the provisions of AP Regorganisation Act, 2014 and the same was approved by the joint Board represented by the Govt. of Andhra Pradesh and Telangana in its 199th meeting held on 02.05.2014 and 202nd meeting held on 26.03.2015 duly authorising the Vice Chairman and Managing Directors of both AP and TS Divisions to make necessary modifications. The same was reviewed and approved by the expert committee constituted by the Government for the purpose and was sent to both the Governments for approval vide its letter dated 16.05.2015.

The Board of APIIC further authorised the Vice Chairman and Managing Director of both the divisions to finalise the modalities and allocation of employees in its 202nd meeting held on 26.03.2015. Accordingly, final allocation of employees to APIIC Limited and TSIIC Limited was made which is subject to scrutiny and approval of the committee appointed/ guidelines issued if any by the Central Government for allocation of employees of PSUs. The assignment of division of employees was entrusted to the expert committee vide G.O. Rt. No. 2066, Dt: 26.09.2016.

The orders on approval of the Demerger Scheme is yet to be issued by the Government(s). Pending issue of orders from both the Governments, the assets, liabilities, employees and proceedings of Telangana were transferred and vested with TSIIC Limited. The Accounts were prepared considering the demerger scheme approved by the expert committee and necessary entries were made in the books of accounts accordingly. The entries made are subject to review, reconciliation and modification.

The Assets and Liabilities pertaining to operational units were apportioned on location basis and pertaining to Head Quarters were apportioned on population basis. Investments are apportioned on location basis where the projects are located in a specific region and in case of projects having multiple units falling within the territories of states of Andhra Pradesh and Telangana on population basis.

#### **MEETINGS OF THE BOARD**

The Board of Directors of the Company duly met Five (5) times during the Year.

S.No.	Name of the Director	BM No.229 06.05.2021	BM No.230 23.06.2021	BM No.231 17.09.2021	BM No.232 31.12.2021	BM No.233 10.03.2022
1.	Smt. R.K. Roja	Yes	Yes	NA	NA	NA
2.	Sri Mettu Govinda Reddy	NA	NA	Yes	Yes	Yes
3.	Sri Raveen Kumar Reddy, IRTS	Yes	NA	NA	NA	NA
4.	Sri J.V.N.Subramanyam, IAS	NA	Yes	Yes	Yes	Yes
5.	Sri I. Mohan Rao	Yes	NA	NA	NA	NA
6.	Sri R.Karikal Valaven, IAS	NA	Yes	Yes	Yes	Yes

7.	Smt. G. Jaya Lakshmi, IAS	No	No	No	No	No
8.	Sri J.V.N. Subramanyam, IAS	No.	Yes	Yes	Yes	NA
9.	Smt. Srijana Gummalla IAS	NA	NA	NA	NA	No
10.	Sri N. Gulzar, IAS	No	No	No	No	NA
11.	Sri N. Srikant, IAS	No	No	No	No	NA
12.	Sri Vijay Kumar G. SRKR, IAS	No	No	No	No	NA
13.	Dr. K.V.V. Satyanarayana, IRAS	No	Yes	No	No	No
14.	Sri Chinnareddyvari Pradeep Reddy	NA	NA	NA	NA	Yes
15.	Smt. Matta Sylaja	NA	NA	NA	NA	Yes
16.	Sri D. Gangadhar Reddy	NA	NA	NA	NA	Yes
17.	Sri Kalluru Chandraobula Reddy	NA	NA	NA	NA	Yes
18.	Sri Rayavaram Sreenivasulu Reddy	NA	NA	NA	NA	Yes
19.	Sri Tadigotla Rajanikanth Reddy	NA	NA	NA	NA	Yes
20.	Smt Pala Jhansi Lakshmi	NA	NA	NA	NA	Yes
21.	Sri Marri Govinda Raj	NA	NA	NA	NA	Yes
22.	Smt Avula Sukanya	NA	NA	NA	NA	Yes
23.	Smt Muvva Swathi	NA	NA	NA	NA	Yes
24.	Sri Molli Apparao	NA	NA	NA	NA	Yes
25.	Smt. Muthu Pydithalli	NA	NA	NA	NA	Yes

#### **DIRECTORS:**

APIIC is a wholly owned by GoAP, hence it is a Government Company. The GoAP has the authority to nomination or removal of Directors from time to time, therefore, during the year the following officers are nominated or removed:

S.No.	Name of the Director	Date of appointment	Date of Cessation
1.	Smt R K Roja, Chairperson	14.08.2019	09.07.2021
2.	Sri Mettu Govinda Reddy, Chairman	17.09.2021	22.07.2023
3.	Sri Raveen Kumar Reddy, IRTS, VC&MD	23.11.2020	22.05.2021
4.	Sri J.V.N. Subramanyam, IAS, VC&MD	22.05.2021	29.09.2022
5.	Sri I. Mohan Rao, Joint Secy. to Govt., I&C Dept.,	27.01.2021	14.06.2021
6.	Sri R. Karikal Valaven, Spl. Chief Secy., to Govt., I&C Dept.,	14.06.2021	22.07.2023
7.	Smt. G. Jaya Lakshmi, IAS, Principal Secy., to Govt., ITE&C Dept.,	01.02.2021	16.06.2022
8.	Dr. K.V.V.Satyanarayana, IRAS, Special Secy., to Govt., Fin.Dept	27.11.2019	till date
9.	Sri Nagulapalli Srikant, IAS, Secretary to Govt., Energy Dept	23.10.2019	24.01.2022
10.	Sri J.V.N. Subramanyam, IAS, Commissioner of Industries	23.10.2019	23.10.2021
11.	Smt. Srijana Gummalla, IAS, Director of Industries	31.12.2021	06.04.2023
12.	Sri Kartikeya Mishra, IAS, Managing Director, APSFC	01.03.2020	17.04.2021
13.	Sri N. Gulzar, IAS, Managing Director, APSFC	17.04.2021	24.01.2022
14.	Sri G. SRKR Vijay Kumar, IAS Member Secretary, APPCB	03.02.2021	24.01.2022
15.	Sri Pradeep Reddy Chinnareddyvari, Nominee Director	31.12.2021	22.07.2023
16.	Smt Matta Sylaja, Nominee Director	31.12.2021	22.07.2023
17.	Sri Gangadhar Reddy Duggireddy, Nominee Director	31.12.2021	22.07.2023
18.	Sri Kalluru Chandra Obula Reddy, Nominee Director	31.12.2021	22.07.2023

S.No.	Name of the Director	Date of appointment	Date of Cessation
19.	Sri Sreenivasulu Reddy Rayavaram, Nominee Director	31.12.2021	22.07.2023
20.	Sri Rajinikanth Reddy Tadigotla, Nominee Director	31.12.2021	22.07.2023
21.	Smt Jhansi Lakshmi Pala, Nominee Director	31.12.2021	22.07.2023
22.	Sri Govinda Raj Marri, Nominee Director	31.12.2021	22.07.2023
23.	Smt Sukanya Avula, Nominee Director	31.12.2021	22.07.2023
24.	Smt Muvva Swathi, Nominee Director	31.12.2021	22.07.2023
25.	Sri Molli Apparao, Nominee Director	31.12.2021	22.07.2023
26.	Smt Pydithalli Muthu, Nominee Director	31.12.2021	22.07.2023

#### **KEY MANAGERIAL PERSONNEL:**

1.	Sri K.Raveen Kumar Reddy, IRTS	From 23.11.2020 to 22.05.2021
2.	Sri J.V.N. Subramanyam, IAS	From 22.05.2021 to 29.09.2022
3.	Sri Siva Satyanarayana Reddy Manda, Company Secretary	From 01-05-2006 to till date

#### **DIVIDEND**

In order to conserve the resources for further growth of the Company, the Directors on Board of APIIC do not recommended payment of dividend on the equity shares for the FY 2021-22.

#### **RESERVES AND SURPLUS:**

During the year under review the company as shown other equity of Rs.402.49 Crores in the financial statements.

#### **EXTRACT OF ANNUAL RETURN :**

The Extract of Annual Return required under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, forms part of this report as **ANNEXURE-A.**

#### **COST AUDITORS:**

The Company has appointed M/s. K.G.Goyal Associates, New Delhi to conduct cost audit and issue report thereon. The Company has obtained the report for the year 2021-2022.

#### **INTERNAL AUDITORS:**

##### **Internal Auditors of the Company for the FY 2021-2022**

S.No.	Name of the Firm	Zone
1.	M/s. Kanaka Mahalakshmi Associates	Visakhapatnam Regular Zone
2.	M/s. Kanaka Mahalakshmi Associates	Visakhapatnam Special Zone (Anakapalli Zone)
3.	M/s. Kanaka Mahalakshmi Associates	Kakinada
4.	M/s. Somayajulu & Associates	Nellore (Tirupathi Special Projects )
5.	M/s. Somayajulu & Associates	Tirupathi
6.	M/s. K.V.K.S.N & CO	Kadapa
7.	M/s. A.M.Reddy & D.R.Reddy	Ananthapur
8.	M/s. Niranjana & Narayana	Kurnool



## **SECRETARIAL AUDIT REPORT:**

As per the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under, the company has appointed Mr. N. V. S. S. Suryanarayana Rao, Practicing Company Secretary to conduct Secretarial Audit of the records and documents of the Company for the financial year 2021-22. The Secretarial Audit Report for the financial year ended 31st March, 2022 in Form MR-3 is annexed hereto **(ANNEXURE-B)** and forms part of this Report. Secretarial Audit Report does not contain any qualification or adverse observation.

## **CORPORATE GOVERNANCE PRACTICE:**

APIIC an unlisted wholly owned Andhra Pradesh State Government Company is strictly adhering to the principles of Corporate Governance as envisaged in the Companies Act, 2013. Further, APIIC continues to believe in observing the best corporate governance practices and benchmarking itself against each such practice on an ongoing basis.

## **POLICY ON DIRECTOR'S APPOINTMENT, REMUNERATION AND OTHER DETAILS**

As per the Articles of Association of the Company, the Government of Andhra Pradesh has the right to nominate and appoint Managing Director & other Directors on the Board of the Company.

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

## **DEPOSITS :**

The company has not accepted any deposits from Public. Therefore, the requirement of Chapter V of the Companies Act, 2013 is not applicable to it. There were no outstanding public deposits pending as on 31<sup>st</sup> March, 2022.

## **INVESTMENTS IN SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES :**

Details of Investments in Subsidiary, Joint Venture and Associate Companies are as follows:

S.No.	Name of the Company	Percentage(%) of Shareholding	No. of Shares Held	Face value of each share (In Rs.)	Total value of Shares
<b>Investment in Subsidiary Co's</b>					
1.	APIIC Food Park (Krishna District) Limited	100	10,000	10	1,00,000
2.	AP Bulk Drug Infrastructure Corporation Limited	100	1,00,000	10	10,00,000
3.	Tirupati Electronics Manufacturing Cluster Limited	100	1,00,000	10	10,00,000
<b>Investments in Joint Ventures</b>					
4.	Atchutapuram Effluent Treatment Limited	73.64	4,11,58,800	10	41,15,88,000
5.	Andhra Pradesh Gas Infrastructure Corporation Private Limited	51	27,16,600	10	2,71,66,000
6.	Krishnapatnam International Leather Complex Private Limited	51	51,000	10	5,10,000
7.	NICDIT Krishnapatnam Industrial City Development Limited	50	52,21,03,120	10	5,22,10,31,200
8.	Visakhapatnam Industrial Water Supply Company Limited	49	2,20,27,071	10	22,02,70,710
9.	Andhra Pradesh Gas Distribution Corporation Limited	26.23	3,58,70,849	10	35,87,08,490
10.	Bhagyanagar Gas Limited	2.49	22,30,961	10	2,23,09,610

S.No.	Name of the Company	Percentage(%) of Shareholding	No. of Shares Held	Face value of each share (In Rs.)	Total value of Shares
<b>Investment in Associate Co's</b>					
11.	AP-ADE Manufacturing Parks Private Limited (formerly Andhra Pradesh Aerospace & Defence Electronics Park Private Limited)	28.58	1,30,00,000	10	13,00,00,000
12.	Ace Urban Hitech City Limited (formerly L&T Hitech City Limited)	26	52,00,000	10	5,20,00,000
13.	KP Agri Warehousing Company Private Limited	26	26000	10	2,60,000
14.	Bhartiya International SEZ Limited	11.05	15,00,000	10	1,50,00,000
15.	Visakha PharmaCity Limited (formerly Ramky Pharma City (India) Limited)	11	19,80,000	10	1,98,00,000
16.	Ace Urban Infocity Limited (formerly L&T Infocity Limited)	6.42	11,54,736	10	1,15,47,360
17.	Hyderabad Information Technology Venture Enterprises Limited	4.86	12,145	10	1,21,450
18.	Cyberabad Trustee Company Private Limited	4.86	2,429	10	24,290
19.	Vizag IT Park Limited	0.49	44,000	10	4,40,000
<b>Other Investments</b>					
	Cyberabad Trustee Company Private Limited (HIVE Fund)	Units	449 Units	25000	1,12,25,000

#### **PARTICULARS OF RELATED PARTY TRANSACTIONS:**

The Related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. The details of related party transactions are mentioned in **ANNEXURE-C** in Form AOC-2.

#### **PARTICULARS OF EMPLOYEES:**

Section 197 of the Companies Act, 2013 regarding Overall Maximum Managerial Remuneration and Managerial Remuneration in Case of Absence or Inadequacy of Profit shall not apply to the Company as the Company is a Government company and wholly owned by Government of Andhra Pradesh.

#### **DETAILS OF COMPANY'S CORPORATE SOCIAL RESPONSIBILITY:**

The provisions of the Corporate Social Responsibility as contained under the Companies Act, 2013 are applicable on the Company.

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in ANNEXURE-D of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

#### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information required to be disclosed in accordance with the Companies (Accounts) Rules, 2014 is 'nil' as the Company is mainly engaged in trading activities.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE AND OUTGO:**

The Company is not engaged in any manufacturing activity, so information regarding pursuant to section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is not applicable to the company.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars of foreign exchange earnings and outgo are given below:

<b>Particulars</b>	<b>2021-22</b>	<b>2020-21</b>
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	NIL	NIL

**COMMENTS OF STATUTORY AND C & AG AUDITORS :**

The observations / comments of Statutory auditors and C&AG auditors under Section 143(6) of the Companies Act, 2013 on the accounts of the Corporation for the year 2021-22 and replies of the management thereto are attached as **ANNEXURE-E**.

**INTERNAL FINANCIAL CONTROLS :**

The Company has maintained adequate financial control system, commensurate with the size, scale and complexity of its operations and ensures compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations.

**AUDIT COMMITTEE:**

The Company being a private limited, provisions of Section 177 of the Companies Act, 2013 is not applicable.

**INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS:**

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

**MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT:**

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

**DETAILS OF SIGNIFICANT & MATERIAL ORDER PASSED BY THE REGULATORS, COURT & TRIBUNALS:**

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

**REPORT ON PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS:**

Report on Performance Evaluation of the Board, Committees and Individual Directors is applicable only for listed companies having a paid up share capital of Rs.25.00 crores or more at the end of preceding financial year.

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

**DISCLOSURE UNDER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE:**

APIIC has not received any complaints during the financial year. Pursuant to the applicable provisions of the Prevention of Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013.



**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

That in the preparation of the accounts for the financial year ended 31st March, 2022 the applicable accounting standards had been followed along with proper explanation relating to material departures;

That the Directors have selected such accounting policies, procedures and applied them consistently and made adjustments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year;

That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

That the directors have prepared the accounts for the financial year ended 31st March, 2022 on a going concern basis.

The Board thanks the Industries Department, Public Enterprises Department, Finance Department, Revenue Department, for their continued co-operation and assistance rendered.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the co-operation and support extended by the Shareholders, various authorities, banks, dealers and vendors.

The Directors also acknowledge with gratitude the dedicated efforts and valuable contribution made by all the employees of the Company.

**For and on behalf of the Board of APIIC Limited**

**Place: Mangalagiri**  
**Date : 21-08-2024**

**Sd/-**  
**Dr. N. Yuvaraj, IAS**  
**Director**  
**DIN: 06679574**

**Sd/-**  
**Sri M. Abhishikth Kishore, IAS**  
**VC&MD**  
**DIN: 10729614**

## Extract of Annual Return

As on the Financial Year ended on 31.03.2022

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

I	CIN	U99999TG1973SGC001630
II	Registration Date	26.09.1973
III	Name of the Company	Andhra Pradesh Industrial Infrastructure Corporation Limited
IV	Category/Sub-Category of the Company	Company Ltd., by Shares/ State Govt. Company
V	Address of the Registered office and contact details  <b>Corporate Office Address:</b>	5-9-58/B, 6 <sup>th</sup> Floor, Parisrama Bhavanam, Fateh Maidan Road, Hyderabad- 500004.  <b>APIIC Towers, Plot No.1 IT Park, Mangalagiri, Andhra Pradesh, India, 522503.</b>
VI	Whether listed company	No
VII	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S.No.	Name and Description of main products/ services	NIC Code of the product/ Service	% to total turnover of the company
1.	Support Service to Organizations (Development of Industrial Infrastructure in the State of A.P)	N7	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Shares held
1.	APIIC Food Park (Krishna District) Limited	U15130AP2016SGC103409	Subsidiary	100
2.	AP Bulk Drug Infrastructure Corporation Limited	U74999AP2020SGC115723	Subsidiary	100
3.	Tirupati Electronics Manufacturing Cluster Limited	U45202AP2020SGC115238	Subsidiary	100
4.	Atchutapuram Effluent Treatment Limited	U41000AP2016PLC103829	Joint Venture	73.64

5.	Andhra Pradesh Gas Infrastructure Corporation Private Limited	U11100AP2009SGC107233	Joint Venture	51
6.	Krishnapatnam International Leather Complex Private Limited	U19115TG2008SGC060643	Joint Venture	51
7.	NICDIT Krishnapatnam Industrial City Development Limited	U45200AP2018PLC108963	Joint Venture	50
8.	Visakhapatnam Industrial Water Supply Company Limited	U90009AP1999PLC032051	Joint Venture	49
9.	Andhra Pradesh Gas Distribution Corporation Limited	U11100AP2011SGC106844	Joint Venture	26.23
10.	Bhagyanagar Gas Limited	U40200TG2003PLC041566	Joint Venture	2.49
11.	AP-ADE Manufacturing Parks Private Limited (formerly Andhra Pradesh Aerospace & Defence Electronics Park Private Limited)	U45206AP2015PTC097806	Associate	28.58
12.	Ace Urban Hitech City Limited (formerly L&T Hitech City Limited)	U70102TG2007PLC053938	Associate	26
13.	KP Agri Ware Housing Company Private Limited	U63023AP2014PTC093639	Associate	26
14.	Bhartiya International SEZ Limited	U74999DL2007PLC159827	Associate	11.05
15.	Visakha Pharma City Limited (formerly Ramky Pharma City(India) Limited)	U24239TG2004PLC042855	Associate	11
16.	Ace Urban Infocity Limited (formerly L&T Infocity Ltd)	U72200TG1997PLC026885	Associate	6.42
17.	Hyderabad Information Technology Venture Enterprises Limited	U72200TG1998PLC029282	Associate	4.86
18.	Cyberabad Trustee Company Private Limited	U72200TG1999PTC033128	Associate	4.86
19.	Vizag IT Park Limited	U45200AP2003PLC041374	Associate	0.49

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) @ Rs.1,000/- each share face value**

**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	total	% of total shares	Demat	Physical	total	% of total shares	
<b>A. PROMOTER</b>									
<b>1) INDIAN</b>									
a) Individual/HUF									
b) Central Govt.									
c) State Govt.(s)			95219	100			95219	100	Nil
d) Bodies Corp.									
e) Banks/FI									
f) Any other									
<b>Sub-total(A)(1):-</b>			95219	100			95219	100	Nil
<b>2) FOREIGN</b>									
g) NRIs-Individuals									
h) other-individuals									
i) Bodies Corp.									
j) Banks/FI									
k) Any other									
<b>Sub- total (A)(2):-</b>			--	--			--	--	--
<b>B. PUBLIC SHARE HOLDING</b>									
<b>1. INSTITUTIONS</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									

i) Others (specify)									
<b>Sub-total(B)(1):-</b>			--	--			--	--	--
<b>2. NON- INSTITUTIONS</b>									
a) Bodies Corp. (i) Indian (ii) Overseas									
b) Individuals i) Individual shareholders holding nominal share capital up to Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (3 Individuals holding on behalf of Govt. of A.P)			3				3		Nil
<b>Sub-total(B)(2):-</b>			3				3		Nil
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>			3				3		Nil
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp;ADRS</b>									
<b>GRAND TOTAL (A+B+C)</b>			<b>95222</b>	<b>100</b>			<b>95222</b>	<b>100</b>	<b>Nil</b>

**ii. Shareholding of Promoters: (@ the favour of Rs.1,000/- each)**

S. No	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Governor of Andhra Pradesh	95219	100	95219	100
2	Sri Mohana Rao Inapanuri	1		1	
3	Sri P. Venkateswara Rao	1		1	
4	Smt. P. Rajeswari	1		1	
	<b>Total</b>	<b>95222</b>		<b>95222</b>	<b>100</b>

**iii. Change in Promoters' Share holding (please specify, if there is no change**

There is no Change in the Promoters Share Holding during the financial year 2021-22

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	2000.00	0.00	0.00	2000.00
ii) Interest due but not paid				
iii) Interest accrued but not due	82.76	0.00	0.00	82.76
<b>Total (i + ii + iii)</b>	<b>2082.76</b>	<b>-</b>	<b>-</b>	<b>2082.76</b>
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction				
Net Change	-	-	-	-

Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	1665.98	0.00	0.00	1665.98
ii) Interest due but not paid				
iii) Interest accrued but not due	51.50	0.00		51.50
<b>Total (i + ii + iii)</b>	<b>1717.48</b>	<b>0.00</b>	<b>0.00</b>	<b>1717.48</b>

## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

<b>S.No.</b>	<b>Director / KMP</b>	<b>Remuneration (in Rs.)</b>
<b>1.</b>	<b>Vice-Chairman &amp; Managing Director :</b> Sri K. Raveen Kumar Reddy, IRTS Sri J.V.N.Subramanyam, IAS	18,65,304-00
<b>2.</b>	<b>Nominee Directors:</b> Smt.R.K. Roja, Chairman Smt. Sukanya Avula Smt. Matta Sylaja Smt. Pydithalli Muthu Sri Pradeep Reddy Chinnareddyvari Sri Govinda Raj Marri Sri Apparao Molli Sri Rajanikanthreddy Tadigotla Sri Gangadhar Reddy Duggireddy Sri Sreenivasulu Reddy Rayavaram Smt. Jhansi Lakshmi Pala Sri Kalluru Chandra Obula Reddy Smt. Muvva Swathi	19,22,000-00
<b>3.</b>	<b>Company Secretary:</b> Sri M Siva S Reddy	27,60,950-00

### **PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There are no penalties/ punishments/ compounding of offences under the Companies Act during the year.

**For and on behalf of the Board of APIIC Limited**

**Sd/-**  
**Dr. N. Yuvaraj, IAS**  
**Director**  
**DIN: 06679574**

**Sd/-**  
**Sri M. Abhishikth Kishore, IAS**  
**VC&MD**  
**DIN: 10729614**

**Place: Mangalagiri**

**Date: 21-08-2024**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022**

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

**To**

**The Members,**

**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**

Parisrama Bhavanam, 6<sup>th</sup> Floor, 5-9-58/b Fateh Maidan Road,  
Hyderabad, Andhra Pradesh, Telangana, India, 500004.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPN LTD** (hereinafter called the "**Company**") for the financial year ended 31st March, 2022 (**Audit Period**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31<sup>st</sup> 2022**, according to the provisions of:

- (1) The Companies Act, 2013 (the "**Act**") and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of, Foreign Direct Investments, Overseas Direct Investment and External Commercial Borrowings.

**(Not Applicable to the Company during the Audit Report)**

- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

**(Not Applicable to the Company during the Audit Report)**

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;  
**(Not Applicable to the Company during the Audit Report)**

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

**(Not Applicable to the Company during the Audit Report)**



d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

**(Not Applicable to the Company during the Audit Report)**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

**(Not Applicable to the Company during the Audit Report)**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

**(Not Applicable to the Company during the Audit Report)**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

**(Not Applicable to the Company during the Audit Report)** and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

**(Not Applicable to the Company during the Audit Report)**

(6) Other laws applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

Secretarial Standard-1, Secretarial Standard-2, with respect to Board, General Meetings respectively, issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc., mentioned above.

#### **I further report that**

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried out unanimously and are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Sd/-

**N. V. S. S. Suryanarayana Rao**

**Company Secretary in Practice**

**Membership Number: 5868**

**Certificate of Practice Number: 2886**

**UDIN: A005868F000705347**

**Peer Review Certificate no. 1506/2021**

**Place: Hyderabad**

**Date: 10.07.2024**

Note: This report is to be read with my letter of even date which is annexed as 'Annexure-A' and forms an integral part of this report.

**To**

**The Members,**

**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**

Parisrama Bhavanam, 6<sup>th</sup> Floor, 5-9-58/b Fateh Maidan Road,  
Hyderabad, Andhra Pradesh, Telangana, India, 500004.

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

- a) Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- b) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- c) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d) Where ever required, I have obtained Management Representation about the compliance, laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Sd/-**

**N. V. S. S. Suryanarayana Rao**

**Company Secretary in Practice**

**Membership Number: 5868**

**Certificate of Practice Number: 2886**

**UDIN: A005868F000705347**

**Peer Review Certificate no. 1506/2021**

**Place: Hyderabad**

**Date: 10.07.2024**

**Annexure- C****Form No. AOC-2**

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

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



**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered in to during the year ended 31st March 2022, which were not arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis**

(Rs. In Crores)

S.No	Name of the Related Party	Relationship	Volume of Transaction during the Year	Outstanding as on 31.03.2022
1.	AP Gas Infrastructure Corporation Pvt. Ltd.,	Subsidiary	2.04	4.02
2.	Krishnapatnam International Leather Complex Private Limited	Subsidiary	0.00	29.29
3.	Atchutapuram Effluent Treatment Limited (Acc. Interest)	Joint Venture	2.43	5.23
4.	APIIC Food Park (Krishna) District Limited	Subsidiary	0.06	50.05
5.	Tirupati Electronics Manufacturing Cluster Limited	(pending allotment of shares)	1.24	140.97
6.	Visakhapatnam Industrial Water Supply Company Limited (Acc. Interest on Secured Loan)	Joint Venture	-31.26	51.50
	<b>TOTAL</b>		<b>-25.49</b>	<b>281.06</b>

**For and on behalf of the Board of APIIC Limited**

**Sd/  
Dr. N. Yuvaraj, IAS  
Director  
DIN: 06679574**

**Sd/  
Sri M. Abhishikth Kishore, IAS  
VC&MD  
DIN: 10729614**

**Place: Mangalagiri**

**Date: 21.08.2024**

## **ANNUAL REPORT ON CSR ACTIVITIES**

### **Annexure- D**

#### **1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken to the CSR policy and projects or programs:**

APIIC Limited, CSR policy is aimed at demonstrating care for the community through its focus on education & skill development, health & wellness and environmental sustainability including energy & water conservation. Also embedded in this objective is support to the disadvantaged/marginalized cross section of the society by providing opportunities to improve their quality of life.

The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013.

#### **2. The composition of the CSR committee:**

In 222<sup>nd</sup> Board meeting re-constituted the Corporate Social Responsibility Committee (CSR Committee) of the Board of Directors (Board) of the Company comprises as follows:

- ◆ Chairperson, APIIC
- ◆ VC&MD, APIIC

#### **3. Average net profit of the company for last three financial years**

The average net profits for the company in the financial year calculated as per section 198 of the Act read with the Companies (Corporate Social Responsibility) Rules thereof (average net profit) accrued during the three immediately preceding Financial Years to Rs. 36,88,00,000/-.

<b>Financial Year</b>	<b>Net Profit for Computation of CSR (Amount in Cr.)</b>
2018-19	35.27
2019-20	34.68
2020-21	40.69
<b>Total</b>	<b>110.64</b>

#### **4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

The prescribed CSR Expenditure (two per cent of the average net profit) amounts to Rs.73,76,000/-

#### **5. Details of CSR spent during the financial year 2021-22**

a) Total amount to be spent for the financial year: Rs.73,76,000/-

During the Financial Year, the Company allocated CSR Expenditure **Rs.22,23,000/-**

b) Manner in which the amount spent during the financial year is detailed below:

<b>S.No</b>	<b>Name of the Work</b>	<b>Amount (Rs.)</b>
1.	Construction of waiting room, Compound Wall & shelter in burial Ground	15,53,000.00
2.	Supply of medical infrastructure requirements to COVID patients in Nagari Assembly constituency	6,70,000.00
	<b>TOTAL</b>	<b>22,23,000.00</b>

6. We hereby confirm on behalf of CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

**For and on behalf of the Board of APIIC Limited**

**Sd/-**  
**Dr. N. Yuvaraj, IAS**  
**Director**  
**DIN: 06679574**

**Sd/-**  
**Sri M. Abhishikth Kishore, IAS**  
**VC&MD**  
**DIN: 10729614**

**Place: Mangalagiri**  
**Date: 21.08.2024**

Replies to the observations of the statutory auditor on the Standalone Financial Statements for FY 2021-22															
Sl. No.	Observation of the Statutory Auditor		Reply of the Company												
1	<p><b>Equity Share Capital:</b> Current year amount of Rs.9.52 Crores (Previous Year Rs.9.52 Crores)</p> <p>The Equity Share Capital of Rs.9.52 Crores (Previous Year Rs.9.52 Crores) is subject to reconciliation with the Government of Andhra Pradesh (Refer Note No: 11)</p>		<p>The paid up share capital of the company was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 9.52 crores w.e.f. 02.06.2014.</p> <p>The paid up share capital account is under reconciliation with the advances section of o/o Principal Accountant General. The matter is under persuasion O/o P&amp;AG for rectification.</p>												
2	<p><b>Other Equity: Capital Reserve:</b> Current Year Rs.7.58 Crores (Previous Year Rs.7.58 Crores)</p> <p>An amount of Rs.7.58 Crores received from the Government of Andhra Pradesh as Share Capital vide G.O Nos 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999 and 224 dated 28.05.2002 pending for many years is classified as Capital Reserve. In our opinion, this needs to be classified as share capital pending allotment <b>(Refer to Statement of changes in consolidated equity)</b></p>		<p>The Capital Reserve as per the books of accounts of the company as on 01.06.2014 was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 7.58 crores w.e.f. 02.06.2014.</p> <p>The capital reserve amount pertains the EPIP Grant which was sanctioned to the Company as Investment in APIIC by the Government. Later, the company was directed to treat it as a Grant in the Inter Ministerial Steering Committee meeting held on 4th &amp; 5th of April, 2000. But, no orders were received so far converting Equity as a Grant. The matter is under persuasion.</p> <p>The treatment will be reviewed and necessary action will be taken on reconciliation of the Equity with office of the Principal Accountant General.</p>												
3	<p><b>Deposits Received from Allottees:</b> Current year Rs.1388.91Crores (Previous Year Rs. 1439.62 Crores). This includes unreconciled amounts with Head office and Zonal offices which are yet to be reconciled <b>(Refer Note No: 17)</b></p> <table><tr><td>Sl. No.</td><td>Name of the Zone</td><td>Rs. in Crores</td></tr><tr><td>1</td><td>Head Office</td><td>11.01</td></tr><tr><td>2</td><td>Vijayawada</td><td>61.16</td></tr><tr><td></td><td><b>TOTAL</b></td><td>72.17</td></tr></table>		Sl. No.	Name of the Zone	Rs. in Crores	1	Head Office	11.01	2	Vijayawada	61.16		<b>TOTAL</b>	72.17	<p>The amounts deposited by the allottees were reviewed and the schedule showing party wise details of deposits was prepared. With respect to the un-reconciled deposits mentioned, was also reconciled and further reconciliation is in progress.</p>
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4	<p><b>Non Conformity of Indian Accounting Standards 115</b>  <b>Revenue Recognition–Sale of Land, Sheds etc. Rs. 67.37 Crores (Previous Year Rs. 204.76 Crores): (Refer Accounting Policy No. 2.10 read with Note no.19)</b></p> <p>Under Ind AS 115, Revenue Income Recognition is on Five Step Model as gisted hereunder:</p> <ol style="list-style-type: none"> <li>1. Identify the contracts with the customers An entity shall account for a contract with a customer only when all of the following criteria are met - <ul style="list-style-type: none"> <li>- the contract is approved and parties are committed to perform their respective obligation, entity can identify each party's rights regarding the goods or services to be transferred,</li> <li>- entity can identify the payment terms for the goods or services to be transferred,</li> <li>- the contract has commercial substance,</li> <li>- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.</li> </ul> </li> <li>2 Identifying separate performance obligations Identify as a Performance obligation being a promise to transfer to a customer - <ul style="list-style-type: none"> <li>- A good or service (or bundle of goods or services) that is distinct or</li> <li>- A series of goods or services that are substantially the same and are transferred in the same way</li> <li>- If a promise to transfer a good or service is not distinct from other goods &amp; services in a contract, then the goods or services are combined into a single performance obligation.</li> </ul> <p>Satisfaction of performance obligations</p> <ul style="list-style-type: none"> <li>- An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. <b>An asset is transferred when (or as) the customer obtains control of that asset.</b></li> </ul> </li> </ol>	<p>The revenue from sale of land is recognised as per IND AS 115 from the F.Y. 2020-21.</p>
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- |   |  |
|---|--|
| <p>3. Determine the Transaction Price</p> <ul style="list-style-type: none"> <li>- The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.</li> <li>- The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.</li> <li>- For the purpose of determining transaction price, an entity shall assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified.</li> </ul> <p>4. Allocate the transaction price to the performance obligations</p> <p>The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation (or distinct goods or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.</p> <p>Allocation of transaction price can be done proportionately based on stand-alone selling prices. The stand-alone selling price is the price at which an entity would sell a promised good or service separately to a customer</p> <p>5. Revenue Recognition when performance</p> <ul style="list-style-type: none"> <li>- obligations are satisfied</li> <li>- Performance obligation is satisfied over time or at a point in time.</li> <li>- Performance obligation is satisfied over time if one of the criteria is met out of three: <ul style="list-style-type: none"> <li>✓ The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs</li> <li>✓ The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or</li> <li>✓ The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.</li> </ul> </li> </ul> |  |
|---|--|



- Based on above the Revenue Recognition for a performance obligation is done over time if one of the criteria is met out of three else Revenue Recognition for a performance obligation is done at a point in time.

**Satisfaction of performance obligations:** An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For each performance obligation identified, determine at contract inception whether it satisfies the performance obligation over time or at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

**Thus revenue is to be recognized basis the steps indicated in the Ind AS 115 as above.**

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The Corporation recognized the Revenue with regard to Sale of Land, Shed and Buildings on execution of Sale agreement on handing over physical possession of the premises. With respect of Sale of land, the completion of contractual performance obligations is treated as satisfied over the period of time as per Ind AS 115. ....

**Our audit Qualification:**

A.The Corporation recognized revenue as per Ind AS 115 basis 'satisfied over period of time' In such an event the disclosures as to the computation and components are required to be furnished in the 'notes to accounts' for arriving at the amounts disclosed as sales. The Corporation has not furnished the workings in that regard.

B.Pursuant to Ind AS 115 to adopt the criteria of recognised income basing on performance obligation satisfied over period of time Vis-à-vis at a point in tme the following should be evaluated:

In our opinion under circumstances of Para 35 to Ind AS 115, Performance Obligation is not satisfied over time.

	<p>a. The reason is that the customer is not <u>simultaneously receiving and consuming the benefit provided by corporation as the corporation perform them.</u> i.e the part completed/constructed real estate unit is not consumed immediately/ simultaneously as work progresses</p> <p>b. Further the corporation <u>performance is not creating /enhancing as asset that the customer controls as the asset is created/enhanced.</u></p> <p>Although the customer can resell or pledge its right, it is unable to sell without legal title to it.</p> <p>Customer has no ability to direct the construction or structural design</p> <p>Assuming that customer has legal right to replace (in fact this is not the case here at all) the Corporation only if Corporation fails to perform as promised, (protective but no control)</p> <p>Exposure to changes in market value of real estate may indicate that customer has ability to obtain all of the remaining benefits from the unit. However, it does not give ability to direct the use of unit as created.</p> <p>C. Further the corporation <u>performance is creating an asset with alternative use to the corporation and the corporation has enforceable right to payment for performance completed to the date.</u></p> <p>The Corporation cannot change or substitute the unit specified in the contract with the customer. The customer can enforce its right if the corporation sought to direct the asset for another use as long as the customer holds to the observe of the covenants.</p> <p>However, Corporation does not have enforceable right to payment for the performance completed to date (except for certain recoveries) as the customer has the legal right to cancel the contract with right to refund and/or in the event of default on the part of the customer, the corporation has right to termination and forfeiture or recovery of penalty, etc compensations which of them can not compensate the corporation for the performance completed till date.</p>	
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	<p>(Hence it may be concluded the facts that though, corporation does not have enforceable right to payment for the performance completed to date as the customer has the legal right to cancel the contract and termination penalty cannot compensate the corporation for the performance completed till date)</p> <p>D. In view of non-satisfaction of Para 35 of Ind AS 115( i.e Discussion at (a) to (c) above) that the criteria remaining to be applied is para 38 and the revenue recognition is based on performance obligation satisfying at a point in time.</p> <p>E. If a performance obligation is not satisfied overtime, as entity / corporation satisfies the performance obligation at a point in time [para 38(a) to 38 (e) of Ind AS 115]</p> <p>Indicators are as under:</p> <ul style="list-style-type: none"> <li>i The entity/corporation has present right to payment for the asset</li> <li>ii The customer has legal title to the asset</li> <li>iii The entity has transferred physical possession of the asset</li> <li>iv The customer has the significant risks and rewards of ownership of the asset i.e execution of sale deed in favour of customer</li> <li>v The customer has accepted the asset</li> </ul> <p>F. Basis, the discussion at para (e) above, Revenue can be recognised at a point in time, after the event at para (e (ii) above, i.e upon execution of the registered sale deed in favour of the customer.</p> <p>As the corporation has not arrived the income recognition based on above evaluation i.e ‘satisfied at a point in time’ and in the light of the foregoing, the corporation has not adhered to Ind AS-115 “Revenue from contracts with customers” while adapting the revenue recognition policy.</p> <p>Hence in view of the above, we are not in a position to comment on the accuracy of the income recognition and its impact on Profit &amp; Loss Account and Balance Sheet.</p>	
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<p>5. <b>Non - Conformity of Indian Accounting Standards 116</b>  <b>Revenue Recognition-</b>  <b>Revenue from lease of land (Non-SEZ) Rs.80.75 Crores (Previous Year Rs. 0.38 Crores): (Refer Note No.2.10 read with Note No.19)</b>  <b>Interest, Lease, Other Rental Income Rs.30.85 Crores (Previous Year Rs.12.35 Crores) [Includes Interest on Others Rs2.33 Crores (Previous Year is Debit Balance i.e (Rs.10.33 Crs): (Refer Note No. 2.10 read with Note no.19)</b></p> <p>Under Ind AS 116, with respect to the Finance Leases, the Revenue Recognition and measurement is as gisted hereunder (as contained in paras 67 to 70 of the Ind AS 116, extracted):  Recognition and measurement</p> <p>67. At the commencement date, a lessor shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.</p> <p>68. The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.....</p> <p>69. Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease; there is no need to add them separately.</p> <p>Initial measurement of the lease payments included in the net investment in the lease.</p> <p>70. At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:</p>	<p>The accounting treatment is made as per IND AS 116 based on the opinion obtained from Institute of Chartered Accountants of India. However the audit comment is noted for future guidance.</p>
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- a) Fixed payment ( including in-substance fixed payments as described in paragraph 842), less any lease incentives payable;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging obligations under the guarantee;
- d) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option (assessed considering the factors described in paragraph B37); and
- e) Payments of penalties for termination the lease, if the lease term reflects the lessee exercising an option to terminate the lease'

Under Ind AS 116, with respect to the Finance Leases and/or operating leases, the disclosure requirements is as gisted hereunder (as contained in paras 89 to 97 of the Ind AS 116, extracted);

#### **Disclosure**

89. The object of the disclosures is for lessors to disclose information in the notes that, together with the information provided in the balance sheet, statement of profit or loss and statement of cash flows, gives a basis for users of financial lessor. Paragraphs 90-97 specify requirements on how to meet this objective.

90. A Lessor shall disclose the following amount for the reporting period:

- a) For finance leases:
  - a) selling profit or loss;
  - b) finance income on the net investment in the lease ; and
  - c) income relating to variable lease payments not included in the measurement of the net investment in the lease
- b) For operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.

91. A lessor shall provide the disclosures specified in paragraph 90 in a tabular format, unless another format is more appropriate.

92. A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 89. This additional information includes, but is not limited to, information that helps users of financial statements to assess:

- a) the nature of the lessors leasing activities: and
- b) how the lessor manages that risk associated with any rights it retains in underlying assets. In particular a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.

#### **Finance leases**

93. a lessor shall provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.

94. A lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payment to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessor shall reconcile the undiscounted lease payments to the net investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value.

## **Operating leases**

95. For items of property, plant and equipment subject to an operating lease, a lessor shall apply the disclosure requirements of Ind AS 16 in applying the disclosure requirements in Ind AS 16, a lessor shall disaggregate each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, a lessor shall provide the disclosures required by Ind AS 16 for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor.

96. A Lessor shall apply the disclosure requirements in Ind AS 38, Ind AS 38, Ind AS 40 and IND AS 41 for assets subject to operating leases.

97. A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years

**Thus, Revenue is to be recognised, measured and disclosed basis the Ind AS 116 as above**

**Refer Accounting Policy No. 2.1:**

### **Treatment of lease allotments and revenue recognition:**

Lease allotments are treated in the following manner:

- A) The allotments made on lease basis with buyout option are treated as Finance lease.
- B) All other allotments including SEZs without buyout option is treated as operating lease.

### **Revenue recognition in respect of lease allotments:**

- A) Non-Lease component i.e Infrastructure development is recognised as revenue in the year in which lease deeds are executed or in the year in which the expenditure is incurred whichever is later
- B) Lease component i.e Land portion is recognised as revenue duly amortising over the lease term.



	<p><b>Our Audit Qualifications:</b>  <b>The corporation has adopted Ind AS 116 for the first time in the current year i.e Financial Year 2021-22</b></p> <p>A) At the commencement date, the corporation has not recognised assets held under finance lease in its balance sheet and did not present the same as receivables at an amount equal to the net investment in lease in accordance with Ind AS 116.</p> <p>B) The corporation had not provided the workings and disclosures in respect of finance lease in accordance with Ind AS 116 either in an tabular format, in another format that will be more appropriate than the tabular format.</p> <p>C) <u>Disclosures on Operating Leases:</u> The corporation is the status of lessor in case of operatingleases required to disclosure maturity analysis of future minimum lease rental receivables in respect of noncancellable operating leases along with description about the broad identification of leased assets and their range of lease tenures as well as the amount of total contingent rents recognised as leases as at the year end. This is in accordance with Ind AS 116 disclosure requirements; The Corporation has not disclosed the said information as required by the Ind As116.</p> <p>Hence in view of the above, we are not in a position to comment on accuracy of the income recognition and its impact on profit and loss account and balance sheet.</p>	
7	<p><b>APIIC Food Park (Krishna District) Limited:</b> An Amount of Rs. 1,00,000/- made towards investment in APIIC Food Park (Krishna District) Limited shown as “Deposit towards share application money” under Note.5.1(B) (Financial Accounts (Non-Current Assets). The Share allotment has to be completed with in 2 months from the date of incorporation, in case of subscribers to Memorandum (As per clause "a" Subsection 4 of Section 56 of Companies Act, 2013).</p>	<p>The audit comment is self explanatory and necessary action is to be taken by the SPV company.</p>



	<p>If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of twelve percent per annum from the expiry of sixtieth day (As per sub section 6 of section 42 of the companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.</p>	
8	<p><b>Tirupati Electronics Manufacturing Cluster Limited (EMC-II)</b>  An amount of Rs. 10,00,000/- made towards investment in Tirupati Electronics Manufacturing Cluster Limited shown as “Deposit towards share application money” under Note:5.1(B) (Financial Accounts (Non – Current Assets)). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per clause “a” subsection 4 of section 56 of Companies Act, 2013). If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of twelve percent per annum from the expiry of sixtieth day (As per sub section 6 of section 42 of the companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.</p>	<p>The audit comment is self explanatory and necessary action is to be taken by the SPV company.</p>

**For and on behalf of the Board of APIIC Limited**

Sd/-  
**Dr. N. Yuvaraj, IAS**  
**Director**  
**DIN: 06679574**

Sd/-  
**Sri M. Abhishikth Kishore, IAS**  
**VC&MD**  
**DIN: 10729614**

**Place: Mangalagiri**  
**Date: 21.08.2024**

Replies to the observations of the Statutory Auditor on the Consolidated Financial Statements for F Y 2021-22		
Sl. No.	Observation of the Statutory Auditor	Reply of the Company
1	<p><b>Equity Share Capital:</b> Current year amount of Rs.9.52 Crores (Previous Year Rs.9.52 Crores)</p> <p>The Equity Share Capital of Rs.9.52 Crores (Previous Year Rs.9.52 Crores) is subject to reconciliation with the Government of Andhra Pradesh <b>(Refer Note No: 11)</b></p>	<p>The Paid up Share Capital of the company was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the Corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 9.52 crores w.e.f. 02.06.2014.</p> <p>The Paid up Share Capital account is under reconciliation with the Advances Section of o/o Principal Accountant General. The matter is under persuasion O/o P&amp;AG for rectification.</p>
2	<p><b>Other Equity: Capital Reserve: Current Year</b> Rs.57.58 Crores (Previous Year Rs.57.58 Crores)</p> <p>An amount of Rs.7.58 Crores received from the Government of Andhra Pradesh as Share Capital vide G.O No.s 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999 and 224 dated 28.05.2002 pending for many years is classified as Capital Reserve. In our opinion, this needs to be classified as share capital pending allotment</p> <p><b>(Refer to Statement of changes in consolidated equity)</b></p>	<p>The Capital Reserve as per the books of accounts of the company as on 01.06.2014 was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 7.58 crores w.e.f. 02.06.2014.</p> <p>The Capital Reserve amount pertains the EPIP Grant which was sanctioned to the Company as Investment in APIIC by the Government. Later, the company was directed to treat it as a Grant in the Inter Ministerial Steering Committee meeting held on 4<sup>th</sup> &amp; 5<sup>th</sup> of April, 2000. But, no orders were received so far converting Equity as a Grant. The matter is under persuasion.</p> <p>The treatment will be reviewed and necessary action will be taken on reconciliation of the Equity with office of the Principal Accountant General.</p>

3	<p><b>Deposits Received from Allottees:</b> Current year Rs.1396.82 Crores (Previous Year Rs. 1439.62Crores)</p> <p>This includes unreconciled amounts with Head office and Zonal offices which are yet to be reconciled (Refer Note No: 17)</p> <table border="1" data-bbox="261 378 863 597"> <thead> <tr> <th>Sl. No.</th><th>Name of the Zone</th><th>Rs. in crores</th></tr> </thead> <tbody> <tr> <td>1</td><td>Head Office</td><td>11.01</td></tr> <tr> <td>2</td><td>Vijayawada</td><td>61.16</td></tr> <tr> <td></td><td>TOTAL</td><td>72.17</td></tr> </tbody> </table>	Sl. No.	Name of the Zone	Rs. in crores	1	Head Office	11.01	2	Vijayawada	61.16		TOTAL	72.17	<p>The amounts deposited by the allottees were reviewed and the schedule showing party wise details of deposits was prepared. With respect to the unreconciled deposits mentioned, was also reconciled and further reconciliation is in progress.</p> <p>-</p>
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The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation (or distinct goods or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

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5. Revenue Recognition when performance obligations are satisfied

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B. Pursuant to Ind AS 115 to adopt the criteria of recognised income basing on performance obligation satisfied over period of time Vis-à-vis at a point in time the following should be evaluated:

In our opinion under circumstances of Para 35 to Ind AS 115, Performance Obligation is not satisfied over time.

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i.e the part completed/constructed real estate unit is not consumed immediately/ simultaneously as work progresses

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Although the customer can resell or pledge its right, it is unable to sell without legal title to it

Customer has no ability to direct the construction or structural design

Assuming that customer has legal right to replace ( infact this is not the case here at all) the Corporation only if Corporation fails to perform as promised, (protective but no control)

Exposure to changes in market value of real estate may indicate that customer has ability to obtain all of the remaining benefits from the unit. However, it does not give ability to direct the use of unit as created.

- c. Further the corporation performance is creating an asset with alternative use to the corporation and the corporation has enforceable right to payment for performance completed to the date.

The corporation cannot change or substitute the unit specified in the contract with the customer. The customer can enforce its right if the corporation sought to direct the asset for another use as long as the customer holds to the observe of the covenants.

However, Corporation does not have enforceable right to payment for the performance completed to date (except for certain recoveries) as the customer has the legal right to cancel the contract with right to refund and/or in the event of default on the part of the customer, the corporation has right to termination and forfeiture or recovery of penalty, etc compensations which of them can not compensate the corporation for the performance completed till date.

(Hence it may be concluded the facts that though, corporation does not have enforceable right to payment for the performance completed to date as the customer has the legal right to cancel the contract and termination penalty cannot compensate the corporation for the performance completed till date)

d. In view of non-satisfaction of Para 35 of Ind AS 115( i.e Discussion at (a) to (c) above) that the criteria remaining to be applied is para 38 and the revenue recognition is based on performance obligation satisfying at a point in time.

e. If a performance obligation is not satisfied overtime, as entity/corporation satisfies the performance obligation at a point in time [ para 38(a) to 38 (e) of Ind AS 115]

Indicators are as under:

- i. The entity/corporation has present right to payment for the asset
- ii. The customer has legal title to the asset
- iii. The entity has transferred physical possession of the asset
- iv. The customer has the significant risks and rewards of ownership of the asset i.e execution of sale deed in favour of customer
- v. The customer has accepted the asset



	<p>f. Basis, the discussion at para (e) above, Revenue can be recognised at a point in time, after the event at para (e(ii) above, i.e upon execution of the registered sale deed in favour of the customer.</p> <p>As the corporation has not arrived the income recognition based on above evaluation i.e ‘satisfied at a point in time’ and in the light of the foregoing, the corporation has not adhered to Ind AS-115 “Revenue from contracts with customers” while adapting the revenue recognition policy.</p> <p>Hence in view of the above, we are not in a position to comment on the accuracy of the income recognition and its impact on Profit &amp; Loss Account and Balance Sheet.</p>	
5	<p><b>Non - Confirmity of Indian Accounting Standards 116 Revenue Recognition</b></p> <p><b>Revenue from lease of land (Non-SEZ) Rs.80.75 Crores (Previous Year Rs. 0.38 Crores): (Refer Note No.2.10 read with Note No.19)</b></p> <p><b>Interest, Lease, Other Rental Income Rs. 30.85 Crores (Previous Year Rs.12.35 Crores) [Includes Interest on Others Rs2.33 Crores (Previous Year is Debit Balance i.e (-)Rs.10.33 Crs): (Refer Note No. 2.10 read with Note No.19)</b></p> <p>Under Ind AS 116, with respect to the Finance Leases, the Revenue Recognition and measurement is as gisted hereunder (as contained in paras 67 to 70 of the Ind AS 116, extracted):</p> <p><b>Recognition and measurement</b></p> <p>67. At the commencement date, a lessor shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.</p> <p>68. The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.....</p> <p>69. Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the net</p>	<p>The accounting treatment is made as per IND AS 116 based on the opinion obtained from Institute of Chartered Accountants of India.</p> <p>However the Audit comment is noted for future guidance.</p>



investment in the lease and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease; there is no need to add them separately.

Initial measurement of the lease payments included in the net investment in the lease.

70. At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- a) Fixed payment ( including in-substance fixed payments as described in paragraph 842), less any lease incentives payable;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging obligations under the guarantee;
- d) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option (assessed considering the factors described in paragraph B37); and
- e) Payments of penalties for termination the lease, if the lease term reflects the lessee exercising an option to terminate the lease'

Under Ind AS 116, with respect to the Finance Leases and/or operating leases, the disclosure requirements is as gisted hereunder (as contained in paras 89 to 97 of the Ind AS 116, extracted);

#### **Disclosure**

89. The object of the disclosures is for lessors to disclose information in the notes that, together with the information provided in the balance sheet, statement of profit or loss and statement of cash flows, gives a basis for users of financial lessor. Paragraphs 90-97 specify requirements on how to meet this objective.

90. A Lessor shall disclose the following amount for the reporting period:

- (a) For finance leases:
  - i. selling profit or loss;
  - ii. finance income on the net investment in the lease ; and
  - iii. income relating to variable lease payments not included in the measurement of the net investment in the lease
- (b) For operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.

91. A lessor shall provide the disclosures specified in paragraph 90 in a tabular format, unless another format is more appropriate.

92. A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 89. This additional information includes, but is not limited to, information that helps users of financial statements to assess:

- a) the nature of the lessors leasing activities: and
- b) how the lessor manages that risk associated with any rights it retains in underlying assets. In particular a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.

### **Finance leases**

93. a lessor shall provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.

94. A lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payment to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessor shall reconcile the undiscounted lease payments to the net investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value

**Operating leases.**

95. For items of property, plant and equipment subject to an operating lease, a lessor shall apply the disclosure requirements of Ind AS 16 in applying the disclosure requirements in Ind AS 16, a lessor shall disaggregate each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, a lessor shall provide the disclosures required by Ind AS 16 for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor.

96. A Lessor shall apply the disclosure requirements in Ind AS 38, Ind AS 38, Ind AS 40 and IND AS 41 for assets subject to operating leases.

97. A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years

**Thus, Revenue is to be recognised, measured and disclosed on the basis of Ind AS 116 as above**

**Refer Accounting Policy No. 2.1:**

Treatment of lease allotments and revenue recognition:

Lease allotments are treated in the following manner:

- A) The allotments made on lease basis with buyout option are treated as Finance lease.
- B) All other allotments including SEZs without buyout option is treated as operating lease.

Revenue recognition in respect of lease allotments:

- A) Non-Lease component i.e Infrastructure development is recognised as revenue in the year in which lease deeds are executed or in the year in which the expenditure is incurred whichever is later
- B) Lease component i.e Land portion is recognised as revenue duly amortising over the lease term.

***Our Audit Qualifications:***

***The corporation has adopted Ind AS 116 for the first time in the current year i.e Financial Year 2021-22***

- A) At the commencement date, the corporation has not recognised assets held under finance lease in its balance sheet and did not present the same as receivables at an amount equal to the net investment in lease in accordance with Ind AS 116.
- B) The corporation had not provided the workings and disclosures in respect of finance lease in accordance with Ind AS 116 either in an tabular format, in another format that will be more appropriate than the tabular format.
- C) Disclosures on Operating Leases:The corporation is the status of lessor in case of operating leases required to disclosure maturity analysis of future minimum lease rental receivables in respect of noncancellable operating leases along with description about the broad identification of leased assets and their range of lease tenures as well as the amount of total contingent rents recognised as leases as at the year end. This is in accordance with

	<p>Ind AS 116 disclosure requirements; The Corporation has not disclosed the said information as required by the Ind AS116.</p> <p>Hence in view of the above, we are not in a position to comment on accuracy of the income recognition and its impact on profit and loss account and balance sheet.</p>	
7	<p><b>APIIC Food Park (Krishna District) Limited:</b></p> <p>An amount of Rs. 1,00,000/- made towards investment in APIIC Food Park (Krishna District) Limited shown as “Deposit towards share application money” under Note:5.1(B) (Financial Accounts (Non – Current Assets)). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per clause “a” subsection 4 of section 56 of Companies Act, 2013). If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of twelve percent per annum from the expiry of sixtieth day (As per sub section 6 of section 42 of the companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.</p>	The audit comment is self-explanatory and necessary action is to be taken by the SPV company.
8	<p><b>Tirupati Electronics Manufacturing Cluster Limited (EMC II)</b></p> <p>An amount of Rs. 10,00,000/- made towards investment in Tirupati Electronics Manufacturing Cluster Limited shown as “Deposit towards share application money” under Note:5.1(B) (Financial Accounts (Non – Current Assets)). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per clause “a” subsection 4 of section 56 of Companies Act, 2013). If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of twelve percent per annum from the expiry of sixtieth day (As per sub section 6 of section 42 of the companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.</p>	The audit comment is self-explanatory and necessary action is to be taken by the SPV company.

**For and on behalf of the Board of APIIC Limited**

**Sd/-**

**Sd/-**

**Dr. N. Yuvaraj, IAS**

**Sri M. Abhishikth Kishore, IAS**

**Director**

**VC&MD**

**DIN: 06679574**

**DIN: 10729614**

**Place: Mangalagiri**

**Date: 21.08.2024**

Replies to the Final Comments on the **Standalone Financial Statements** for the year  
2021-22

<b>PC No.</b>	<b>Final Comment</b>	<b>Reply of the Management</b>
01	<p><b><i>A. Comments on Profitability Statement of Profit and Loss Revenue from Operations (Note 19): ₹ 250.65 crore.</i></b></p> <p>The above includes ₹2.31 crores towards accounting of income from the sale of land to a private party based on sale agreement made on 19.09.2020. This accounting treatment was found contrary to the Company's Significant Accounting Policy on revenue recognition disclosed at 2.10, which stipulates that the income from the sale of land, sheds and buildings is recognised on execution of sale agreement and handing over physical possession of the premises. Though sale agreement was made during 2020-21, the income was recognised in 2021-22. This resulted in overstatement of revenue from operations by ₹2.31crores, cost of sales by ₹1.50 crore and profit for the year by ₹0.61crore.</p>	<p>It is to submit that, as per Para 42 of Ind AS 8, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by: (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.</p> <p>In view of the above, the final comment is noted for future guidance.</p>
02	<p><b>Other Income(Note-20): 32.79crore</b></p> <p>The above does not include ₹136.34 crore (Previous Year: ₹82.32 crore) being the amount received from Government towards finance cost on the amount deposited (₹1480 crore in 2017-18 and ₹450 crore in 2020-21) in PD Account<sup>1</sup>with State Government treasury out of interest-bearing loans availed from the commercial banks. As on 31 March 2022, total ₹524.60 crore (including ₹136.34 crore for 2021-22) was released by</p>	<p>It is to submit that, as part of the amount borrowed from the Banks against Government guarantee was deposited in the PD Account of the Corporation i.e., No. 16/CRT, AP Capital Region Treasury. The reconciliation is being done on quarterly basis duly furnishing the Certificate of Acceptance of Balance in the CFMS portal and necessary disclosure with regard to deposit of loan funds in the PD Account was made vide Note No. 12.1.2 of Notes to</p>



PC No.	Final Comment	Reply of the Management
	<p>the Government into the PD Account towards servicing the interest on the loans availed from the Banks and the same amount was directly paid from the PD Account to Banks towards interest on loans.</p> <p><b><i>The Company did not account for the above transactions in the books of account,</i></b> resultantly both interest amounts received from the Government and payments to the Banks were not forming part of the Financial Statements. This is found deviating from Ind AS-1, which states that an entity shall not offset income and expenses unless required or permitted by an Ind AS. Offsetting in the statement of profit and loss detracts the ability of the users to understand the transactions, other events and conditions that have occurred. Further, the accounting practice was not in accordance with provisions of Section 128 (1) of the Companies Act, 2013, which prescribes that all sums received and expended by the company should be recorded in books of accounts. Thus, violation of the provision of the Act and applicable Ind AS resulted in understatement of Other income and Finance cost by ₹136.34 crore each.</p>	<p>Accounts to the Financial Statements.</p> <p>Further, it is to submit that, the GOAP Budget support Grant for payment of interest is released to PD Account and the payment of interest to the three Banks is made by raising CFMS bill as and when GoAP pays the interest, the budget released amounts gets reduced to that extent. And the expenditure incurred is maintained through PD Account which will not have any impact on P&amp;L since Receipts and Payments are accounted in PD Account. Anyhow the same is disclosed under Note No. 12.1.2 of Notes to Accounts of Financial Statements. Since the net impact is Zero, there is no understatement of both the other income (Govt. Grants) and expenses (Finance Cost) by Rs. 136.34 Crores for the FY 2021-22.</p>
03	<p><b>Other expenses (Note 24): ₹ 121.24 Crore</b></p> <p>The above does not include ₹4.61 crore towards interest expense on refund fund of deposit to a private party. As per the order dated 29.11.2021 of the Hon'ble Supreme Court, APIIC and TSIIC were directed to refund the deposit (May 2007) of the party along with interest thereon in the ratio of 58.32:41.68. However, interest amount paid was recognised as the acquisition cost of land (stock-In-Trade) under Inventories deviating from provisions of Ind AS-2 (Inventories) according to which, other costs are included in the cost of inventories only to the extent that they are incurred in</p>	<p>It is to submit that, as per Hon'ble Supreme Court order Dt. 29.11.2021, APIIC has refunded an amount of Rs. 7.23 Crores (Principal –Rs. 2.62 Crores and Interest Rs. 4.61 Crores) and accounted the same towards acquisition of cost of land. Though, initially, the land acquisition was done for Compensatory Afforestation for the denotified forest lands to be allotted to M/s. ITC, Bhadrachalam Paper Boards in Khammam district, post bifurcation of the State of Andhra Pradesh, the Residuary State APIIC can use the land for Industrial Park purpose. As the payment was made as per</p>

PC No.	Final Comment	Reply of the Management
	<p>bringing the inventories to their present location and condition. Further, the interest paid due to the delay in the refund of deposit does not constitute cost of inventories as per para-18 of Ind AS-2. Hence, the same should have been recognised as expense. Thus, violation of provisions of Ind AS-2 resulted in over statement of Inventories and understatement of Other Expenses by ₹4.61 crore each with corresponding overstatement of Profit for the year by ₹4.61 crore.</p>	<p>directives of Honourable High Court of Telangana in WP No. 38358 of 2018, the payment was capitalized to land cost as is being done in any other Court order directed payment So, while fixing the price for land parcel at Peddavaripalli, all these costs will be loaded into price fixation and will be recovered. Hence, this is treated as Inventory as this will be allotted to the prospective entrepreneurs.</p> <p>Accordingly, this is considered as Inventory only. There is no overstatement of Inventories and understatement of expenses as well as profit for the year by Rs. 4.61 Crores.</p> <p>In view of the above, the provisional comment may please be dropped.</p>
04	<p>During the year, ₹36.73 crore was deposited with the Court as per the orders dated 09.3.2022. Out of ₹36.73 crore, ₹17.28 crore was recognized as interest expense and ₹19.45 crore was adjusted against liabilities / payables (Miscellaneous deposits-works) instead of accounting for the entire amount as deposit with Court pending the final judgment and disclosing the facts of the case ( including the status ) in the notes to the Financial Statements. Thus, incorrect treatment resulted in overstatement of Other Expenses by ₹17.28 crore, understatement of Other Non-current liability (Note-15) by ₹19.45 crore, and understatement of Other Current assets (Note-9) by ₹36.73 crore is also resulted in an understatement of the Profit for the year by ₹17.28 crore.</p>	<p>It is to submit that, the High Court of Telangana issued conditional Stay of Operation of the Order in COS No. 38/2016 subject to payment of 50% decretal amount. To comply with Stay Order 50% was deposited. Further, the Petitioner M/s. NCC-JV has also filed application for withdrawal of entire amount. As such, the chances of getting back the money is remote, even the historical experience shows that nay money deposited by APIIC on granting stay is never refunded by Courts. So, the treatment of Rs. 17.28 Crores as expenses instead of Advance is in order.</p> <p>Hence, there is no overstatement of expenses and understatement of Advances as well as profit for the year by Rs. 17.28 Crores.</p> <p>In view of the above, the provisional comment may please be dropped.</p>



PC No.	Final Comment	Reply of the Management
05	<p><b>B. Comments on Financial Position</b></p> <p><b>Balance Sheet Assets</b></p> <p><b>Non-current Assets</b></p> <p><b>Financial Assets</b></p> <p><b>Others (Note 5.3): 1586.17crore</b></p> <p>The above includes Personal Deposit (PD) Account balance of ₹1498.65 crore. Since the PD account balance is of the nature of current assets, the same should have been disclosed under 'Other Current Assets' separately from 'Cash and Cash equivalents' and 'Bank balance'. Thus, wrong classification resulted in overstatement of Financial Assets-Others (Non-Current) and understatement of Other Current Assets (Note-9) by ₹1498.65 crore each. Further, the amount borrowed from the Banks against Government Guarantee was deposited in the PD Account as per the instructions of the State Government, the amount receivable from State Government (including interest) should have been reconciled and disclosed thereunder.</p>	<p>It is to submit that, Audit observation is noted for future guidance and necessary rectification will be made while preparing the financial statements of FY 2022-23, since it was overlooked while finalizing the Accounts for FY 2021-22.</p> <p>Further, part of the amount borrowed from the banks against Government guarantee was deposited in the PD Account of the Corporation i.e., No. 16/CRT, AP Capital Region Treasury. The balance which is being reflected in the PD Account included the balance available out of the loan funds.</p> <p>The reconciliation is being done on a quarterly basis duly furnishing the Certificate of Acceptance of balance in CFMS portal and necessary disclosure with regard to deposit of loan funds in the PD Account was made vide Note No. 12.1.2. of Notes to Accounts to the financial statements.</p>
06	<p><b>Current Assets</b></p> <p><b>Financial Assets</b></p> <p><b>Cash and Cash Equivalents</b></p> <p><b>(Note-8.2): 203.18crore</b></p> <p>The above includes ₹142.35 crore being the 'Bank balances other than cash and cash equivalents'(including ₹0.84 crore towards 'Securities against guarantees') which should have been disclosed on the face of Balance Sheet as a separate line item below 'Cash and cash equivalents' as required by provisions of Division-II of Schedule-III to the Companies Act, 2013. Thus, wrong classification resulted in over statement of 'Cash and cashequivalent' and understatement of 'Bank balances other than cash and cash equivalent' by ₹142.35 crore.</p>	<p>It is to submit that, Audit observation is noted for future guidance and necessary rectification will be made while preparing the financial statements of FY 2022-23, since it was overlooked while finalizing the Accounts for FY 2021-22.</p>

PC No.	Final Comment	Reply of the Management
07	<p><b>Equity and Liabilities</b></p> <p><b>Non-Current Liabilities</b></p> <p><b>Other Non-Current Liabilities (Note- 15):</b></p> <p><b>2197.60 crore</b> above does not include ₹574.61 crore due to non-recognition of liability towards land conversion charges payable to the State Government in respect of agriculture lands allotted to the Company up to 31.01.2018 in accordance with provisions of Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (the Act). As per Section 7 (g) of the Act, as amended through Act No.13 of 2018, the agriculture lands allotted to the Company for nonagricultural purpose are exempted from payment of land conversion charges only from 01.02.2018, as notified vide G.O.No.37 dated 25.01.2018 and G.O Ms.No.98 dated 19.02.2018. Instead, the same amount was incorrectly shown as Contingent Liability in Notes to Accounts. Neither the exemption request of the Company was accepted by the State Government nor the Company made any effective follow-up in support of its stand to conclude the status. Thus, non-recognition of liability towards land conversion charges resulted in understatement of Current Liabilities and understatement of Current Assets Inventories by ₹574.61 crore.</p>	<p>It is to submit that, the Government of Andhra Pradesh have amended Section 7 of A P Agricultural Land (Conversion for nonagricultural purpose) Act, 2006 duly incorporating that the Act shall not be applicable to the lands allotted to APIIC. The gazette notification was issued w.e.f. 01.02.2018.</p> <p>In this regard, a letter was addressed by the company to the Government of Andhra Pradesh requesting for considering the exemption of conversion charges for the lands allotted prior to 01.02.2018 also. The Government orders in this regard are still awaited.</p> <p>However, the company has already provided clear liability in the books of accounts for conversion charges to a tune of Rs. 266.41 crores upto the end of the F.Y 2014-15 in respect of developed lands which is being continued in the books of accounts till 31.03.2021. Further, contingent liability to a tune of Rs. 574.61 Crores was indicated in the notes to accounts for the year ending 31.03.2018 as per the suggestions of the Principal Accountant General (Audit), Andhra Pradesh, Hyderabad vide Lr. No.PAG (AUDIT) /AP/ES/ D2-I/APIIC/2017-18/261, dated 20.07.2017 and the same is being continued in the books of accounts as on 31.03.2021.</p>

		<p>Further, as per Clause 5 of G.O. Ms. No. 98, dated 19.02.2018 of the Special Chief Secretary to Government, Government of Andhra Pradesh, in the case of lands allotted to APIIC Limited, the lands stand converted to Non-Agricultural purpose. The APIIC Limited shall issue certificate to individual industrial units that the lands allotted to them are converted for non-agricultural purpose. APIIC's exemption of NALA is to facilitate allotment of land at lower cost for industrial use to generate employment &amp; investment in the State of Andhra Pradesh. If provision is made, it has to be added to the cost of Plot in PF&amp;IC which will defeat the objective of giving exemption. Since, there is no demand for payment of NALA for the lands alienated, no provision was made towards conversion charges for the period from April 2015 to February 2018. Hence, there is no understatement of Other Current Liabilities and understatement of Current Assets (Inventory).</p> <p>In view of the above, it is to submit that, APIIC seeks exemption of Conversion Charges on the following grounds :</p> <ol style="list-style-type: none"> <li>i) As the lands acquired prior to 2018 were not converted and no conversion orders were received</li> <li>ii) As there is no demand received from Government towards payment of Conversion charges.</li> </ol>
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PC No.	Final Comment	Reply of the Management
		<p>iii) Due to Amendment to LA Act and enactment of GO Ms No. 98, Dt. 19.02.2018 as the lands allotted to APIIC stands converted, the VC&amp;MD is competent to treat the lands .</p> <p>In view of the above, it is to submit that, there is no liability and there is no non- recognition of liability towards land conversion charges resulted in under statement of Current Liabilities and understatement of Current Assets (Inventories) by Rs. 574.61 Crores.</p>
08	<p><b>Current Liabilities Provisions (Note-18): 882.69crore</b></p> <p>above includes ₹42.28 crore being the provision for taxation which should have been disclosed on the face of balance sheet as current tax liabilities as per Schedule III to the Companies Act 2013. Thus, wrong classification resulted in overstatement of Provisions and understatement of current Tax liabilities by ₹42.28 crore.</p>	<p>It is to submit that, APIIC has disclosed total provisions under Note No. 18.</p> <p>As per ICAI's guidance note on Division II of Schedule III to the Companies Act, 2013, provision for taxation should have been disclosed on the face of the Balance Sheet under Current Tax Liabilities. The same is noted for future guidance and will be followed while finalizing the Accounts for FY 2022-23. Further, there is no understatement of Current Liabilities by Rs. 42.28 Crores since, Provision for taxation is also a part of Current Liabilities.</p>
09	<p><b>D. Other Comments. Significant Accounting Policies (Note-2.8)</b></p> <p>provisions of Ind AS-2 on inventories, the inventories of the companies shall be measured at the lower of the cost and net realizable value. However, the Company's significant accounting policy disclosed vide note No. 2.8 stating that "Inventories and Work-in-progress are valued at cost "is contrary to the provisions of applicable Ind AS. Further, the accounting policy did not require the management to assess the realizable value periodically at end of each reporting period, deviating from the Ind AS-2.</p>	<p>The corporation holds land and infrastructure works as inventory which is held for sale to the needy industrial entrepreneurs. The cost in respect of land is arrived at the purchase price of the land and other incidental expenses incurred in the process of acquisition of land. In respect of infrastructure works, the cost is arrived at based on the actual expenditure incurred by the company for creating the infrastructure works.</p>

	<p>As a result, impairment, if any required as on reporting date could not be ascertained, which might lead to the presence of material misstatements in the financial statements. Hence, Accounting policy on inventories needs modification to comply with the applicable Ind AS-2.</p>	<p>The amount realisable will be more than the cost of inventory. Land is a non-renewable and non-depreciable asset as the market value of the land will be increasing from time to time. With respect to infrastructure works, the corporation recovers the entire amount of expenditure incurred in creation of the assets plus margin amount from the entrepreneurs as per the price fixation policy of the company.</p> <p>As per Para No.28 of Ind AS- 2 – Inventories, “the cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if their estimated cost of completion or the estimated cost to be incurred to make the sale have increased”.</p> <p>The inventory held by the company will not become obsolete/ damaged as the same relates to new Industrial Parks which are under development and ready for sale.</p> <p>The corporation fixes the sale price duly considering the land acquisition cost, infrastructure cost plus margin which will be more than the cost of inventory. Hence, the net realisable value on sale of the inventory will be higher than that of the cost.</p> <p>Further, w.e.f F.Y 2017-18, as per G.O Ms. No.106 dated 16.03.2017 of the Revenue Department, Government of Andhra Pradesh, the Government vacant land allotted at free of</p>
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PC No.	Final Comment	Reply of the Management
		<p>cost is valued at Re.1/- per acre in the books of accounts of the company though the value as per the subregistrar is the minimum realisable amount. This valuation will ensure that at any point of time the principle of cost or net realisable value whichever is low in valuation of inventory is taken care of.</p> <p>Hence, comparing the inventories at cost or net realisable value to arrive inventory valuation of closing stock is not required and the accounting policy on Inventories is in line with Ind AS-2. Hence modification of the accounting policy is not required.</p>

**For and on behalf of the Board of APIIC Limited**

**Sd/-**  
**Dr. N. Yuvaraj, IAS**  
**Director**  
**DIN: 06679574**

**Sd/-**  
**Sri M. Abhishikth Kishore, IAS**  
**VC&MD**  
**DIN: 10729614**

**Place: Mangalagiri**  
**Date: 21.08.2024**



**ANNEXURE-E(d)**

Replies to the Final Comments on the **Consolidated Financial Statements** for the year  
2021-22

PC No	Final Comment	Reply of the Management
01	<p><b>A. Comments on Profitability</b>  <b>Consolidated Statement of Profit and Loss</b>  <b>Revenue from operations (Note 19): 281.23 crore.</b></p> <p>The above includes ₹2.31 crore towards accounting of income from the sale of land to a private party based on sale agreement made on 19.09.2020. This accounting treatment was found contrary to the Company's Significant Accounting Policy on revenue recognition disclosed at 2.10, which stipulates that the income from the sale of land, sheds and buildings is recognised on execution of sale agreement and handing over physical possession of the premises. Though sale agreement was made during 2020-21, the income was recognised in 2021-22. This resulted in overstatement of revenue from operations by ₹2.31 crore, cost of sales by ₹1.50 crore and profit for the year by ₹0.61 crore.</p>	<p>It is to submit that, as per Para 42 of Ind AS 8, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by: (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.</p> <p>Hence there is no overstatement of Revenue from Operations</p>
02	<p><b>Other Income (Note-20): 83.04 crore</b></p> <p>The above does not include ₹136.34 crore (Previous Year: ₹82.32 crore) being the amount received from Government towards finance cost on the amount deposited (₹1480 crore in 2017-18 and ₹450 crore in 2020-21) in PD Account<sup>1</sup> with State Government treasury out of interest-bearing loans availed from the commercial banks. As on 31 March 2022, total ₹524.60 crore (including ₹136.34 crore for 2021-22) was released by the Government into</p>	<p>It is to submit that, as part of the amount borrowed from the Banks against Government guarantee was deposited in the PD Account of the Corporation i.e., No. 16/CRT, AP Capital Region Treasury. The reconciliation is being done on quarterly basis duly furnishing the Certificate of Acceptance of Balance in the CFMS portal and necessary disclosure with regard to deposit of loan funds in the PD Account was made vide Note No. 12.1.2 of Notes to Accounts to the Financial Statements.</p>

PC No	Final Comment	Reply of the Management
	<p>the PD Account towards servicing the interest on the loans availed from the Banks and the same amount was directly paid from the PD Account to Banks towards interest on loans. The Company did not account for the above transactions in the books of account, resultantly both interest amounts received from the Government and payments to the Banks were not forming part of the Financial Statements. This is found deviating from Ind AS-1, which states that an entity shall not offset income and expenses unless required or permitted by an Ind AS. Offsetting in the statement of profit and loss detracts the ability of the users to understand the transactions, other events and conditions that have occurred. Further, the accounting practice was not in accordance with provisions of Section 128 (1) of the Companies Act, 2013, which prescribes that all sums received and expended by the company should be recorded in books of accounts. Thus, violation of the provision of the Act and applicable Ind AS resulted in understatement of Other income and Finance cost by ₹136.34 crore each.</p>	<p>Further, it is to submit that, the GOAP Budget support Grant for payment of interest is released to PD Account and the payment of interest to the three Banks is made by raising CFMS bill as and when GoAP pays the interest, the budget released amounts gets reduced to that extent. And the expenditure incurred is maintained through PD Account which will not have any impact on P&amp;L since receipts and payments are accounted in PD Account. Anyhow the same is disclosed under Note No. 12.1.2 of Notes to Accounts of Financial Statements. Since the net impact is Zero, there is no understatement of both the other income (Govt. Grants) and expenses (Finance Cost) by Rs. 136.34 Crores for the FY 2021-22.</p> <p>The Supplementary Audit observations will be noted for future guidance.</p>
03	<p><b>Expenses</b>  <b>Other expenses(Note-24): 150.28crore</b></p> <p>The above does not include ₹4.61 crore towards interest expense on refund fund of deposit to a private party. As per the order dated 29.11.2021 of the Hon'ble Supreme Court, APIIC and TSIIC were directed to refund the deposit (May 2007) of the party along with interest thereon in the ratio of 58.32:41.68. However, interest amount paid was recognized as the acquisition cost of land (stock-In-Trade) under Inventories deviating from provisions of Ind AS-2(Inventories) according to which, other costs are included in the cost of inventories only to</p>	<p>It is to submit that, as per Hon'ble Supreme Court order Dt. 29.11.2021, APIIC has refunded an amount of Rs. 7.23 Crores (Principal –Rs. 2.62 Crores and Interest Rs. 4.61 Crores) and accounted the same towards acquisition of cost of land. Though, initially, the land acquisition was done for Compensatory Afforestation for the de-notified forest lands to be allotted to M/s. ITC, Bhadrachalam Paper Boards in Khammam district, post bifurcation of the State of Andhra Pradesh, the Residuary State APIIC can use the land for Industrial Park purpose. As the payment was made as per directives of Honourable High Court</p>



PC No	Final Comment	Reply of the Management
	<p>the extent that they are incurred in bringing the inventories to their present location and condition. Further, the interest paid due to the delay in the refund of deposit does not constitute cost of inventories as per para-18 of Ind AS-2. Hence, the same should have been recognized as expense. Thus, violation of provisions of Ind AS-2 resulted in overstatement of Inventories and understatement of Other Expenses by ₹4.61 crore each with corresponding overstatement of Profit for the year by ₹4.61 crore.</p>	<p>of Telagana in WP No. 38358 of 2018, the payment was capitalized to land cost as is being done in any other Court order directed payment. So, while fixing the price for land parcel at Peddavaripalli, all these costs will be loaded into price fixation and will be recovered. Hence, this is treated as Inventory as this will be allotted to the prospective entrepreneurs.</p> <p>Accordingly, this is considered as Inventory only. There is no overstatement of Inventories and understatement of expenses as well as profit for the year by Rs. 4.61 Crores.</p>
04	<p>During the year, the Company deposited ₹36.73 crore with the Court towards 50% of total amount under dispute along with interest and other costs to comply with the orders dated 09.03.2022 of the Honble High Court of Telangana passed in IA No. 2 of 2022 in COM.C.A. No. 1 of 2022. As per the accounting treatment, ₹17.28 crore was recognised as interest expense and ₹19.45 crore was adjusted against liabilities/payables (Miscellaneous deposits-works) during the year. Instead, the same should have been treated as advance/deposit with Court pending the final judgment while disclosing the facts in the Financial Statements. Thus, incorrect account treatment resulted in overstatement of Other Expenses by ₹17.28 crore, understatement of Other Non-current liability (Note-15) by ₹19.45 crore, and understatement of Other Current assets (Note-9) by ₹36.73 crore. This also resulted in an understatement of the Profit for the year by ₹17.28 crore.</p>	<p>It is to submit that, the High Court of Telangana issued conditional Stay of Operation of the Order in COS No. 38/2016 subject to payment of 50% decretal amount. To comply with Stay Order 50% was deposited. Further, the Petitioner M/s. NCC-JV has also filed application for withdrawal of entire amount. As such, the chances of getting back the money is remote, even the historical experience shows that nay money deposited by APIIC on granting stay is never refunded by Courts. So, the treatment of Rs. 17.28 Crores as expenses instead of Advance is in order.</p> <p>Hence, there is no overstatement of expenses and understatement of Advances as well as profit for the year by Rs. 17.28 Crores.</p>

PC No	Final Comment	Reply of the Management
	Further, the Company should have disclosed the facts of the case (including the status) in the notes to the accounts.	
05	<p><b>Comments on Financial Position</b>  <b>Balance Sheet Assets</b>  <b>Non-current Assets</b>  <b>Financial Assets</b>  <b>Others (Note 5.3): 1587.25 crore</b></p> <p>The above includes Personal Deposit (PD) Account balance of ₹1498.65 crore. Since the PD account balance is of the nature of current assets, the same should have been disclosed under 'Other Current Assets' separately from 'Cash and Cash equivalents' and 'Bank balance'. Thus, wrong classification resulted in overstatement of Financial Assets Others (NonCurrent) and understatement of Other Current Assets (Note 9) by ₹1498.65 crore each. Further, the amount borrowed from the Banks against Government Guarantee was deposited in the PD Account as per the instructions of the State Government, the amount receivable from State Government (including interest) should have been reconciled and disclosed thereunder.</p>	<p>It is to submit that, Audit observation is noted for future guidance and necessary rectification will be made while preparing the financial statements of FY 2022-23, since it was overlooked while finalizing the Accounts for FY 2021-22.</p> <p>Further, part of the amount borrowed from the banks against Government Guarantee was deposited in the PD Account of the Corporation i.e., No. 16/CRT, AP Capital Region Treasury. The balance which is being reflected in the PD Account included the balance available out of the loan funds.</p> <p>The reconciliation is being done on a quarterly basis duly furnishing the Certificate of Acceptance of balance in CFMS portal and necessary disclosure with regard to deposit of loan funds in the PD Account was made vide Note No. 12.1.2. of Notes to Accounts to the financial statements.</p> <p>In view of the above, the provisional comment may please be dropped.</p>
06	<p><b>Equity and Liabilities</b>  <b>Non-Current Liabilities</b>  <b>Other Non-Current Liabilities (Note-15): 2180.73 crore</b></p> <p>The above does not include ₹574.61 crore due to non recognition of liability towards land conversion charges payable to the State Government in respect of agriculture lands allotted to the Company up to 31.01.2018 in accordance with provisions of Andhra Pradesh</p>	<p>It is to submit that, the Government of Andhra Pradesh have amended Section 7 of A P Agricultural Land (Conversion for non-agricultural purpose) Act, 2006 duly incorporating that the Act shall not be applicable to the lands allotted to APIIC. The gazette notification was issued w.e.f. 01.02.2018.</p> <p>In this regard, a letter was addressed by the company to the Government of Andhra</p>

<p>Agricultural Land (Conversion for NonAgricultural Purposes) Act,2006(the Act). As per Section7(g) of the Act, as amended through Act No.13 of 2018, the agriculture lands allotted to the Company for nonagricultural purpose are exempted from payment of land conversion charges only from 01.02.2018, as notified vide G.O.No.37 dated 25.01.2018 and G.O Ms.No.98 dated 19.02.2018. Instead, the same amount was incorrectly shown as Contingent Liability in Notes to Accounts. Neither the exemption request of the Company was accepted by the State Government nor the Company made any effective follow-up in support of its stand to conclude the status. Thus, non-recognition of liability towards land conversion charges resulted in under statement of Current Liabilities and under statement of Current Assets(Inventories) by ₹574.61 crore.</p>	<p>Pradesh requesting for considering the exemption of conversion charges for the lands allotted prior to 01.02.2018 also. The Government orders in this regard are still awaited.</p> <p>However, the company has already provided clear liability in the books of accounts for conversion charges to a tune of Rs. 266.41 crores upto the end of the F.Y 2014-15 in respect of developed lands which is being continued in the books of accounts till 31.03.2021. Further, contingent liability to a tune of Rs. 574.61 Crores was indicated in the notes to accounts for the year ending 31.03.2018 as per the suggestions of the Principal Accountant General (Audit), Andhra Pradesh, Hyderabad vide Lr. No.PAG (audit)/AP/ ES/ D2-I/ APIIC/2017-18/261, dated 20.07.2017 and the same is being continued in the books of accounts as on 31.03.2021.</p> <p>Further, as per Clause 5 of G.O. Ms. No. 98, dated 19.02.2018 of the Special Chief Secretary to Government, Government of Andhra Pradesh, in the case of lands allotted to APIIC Limited, the lands stand converted to Non-Agricultural purpose. The APIIC Limited shall issue certificate to individual industrial units that the lands allotted to them are converted for nonagricultural purpose. APIIC's exemption of NALA is to facilitate allotment of land at lower cost for industrial use to generate employment &amp; investment in the State of Andhra Pradesh. If provision is made, it has to be added to the cost of Plot in PF&amp;IC which will defeat the objective of giving exemption. Since, there is no demand for payment of NALA for the lands alienated, no provision was made towards conversion charges for the period from April 2015 to February 2018. Hence, there is no understatement of Other Current Liabilities and understatement of Current Assets (Inventory).</p>
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PC No	Final Comment	Reply of the Management
		<p>In view of the above, it is to submit that, APIIC seeks exemption of Conversion Charges on the following grounds :</p> <ul style="list-style-type: none"> <li>i) As the lands acquired prior to 2018 were not converted and no conversion orders were received</li> <li>ii) As there is no demand received from Government towards payment of Conversion charges</li> <li>iii) Due to Amendment to LA Act and enactment of GO Ms No. 98, Dt. 19.02.2018 as the lands allotted to APIIC stands converted, the VC&amp;MD is competent to treat the lands allotted to APIIC are non-agricultural.</li> </ul> <p>In view of the above, it is to submit that, there is no liability and there is no nonrecognition of liability towards land conversion charges resulted in understatement of Current Liabilities and understatement of Current Assets (Inventories) by Rs. 574.61 Crores.</p>
07	<p><b>Current liabilities</b>  <b>Provisions (Note-18): 885.81 crore</b>  the a bove includes ₹42.28 crore being the provision for taxation which should have been disclosed on the face of balance sheet as current tax liabilities as per Schedule III to the Companies Act 2013. Thus, wrong classification resulted in overstatement of Provisions and understatement of current Tax liabilities by ₹42.28 crore.</p>	<p>demand for payment of NALA for the lands alienated, no provision was made towards conversion charges for the period from April 2015 to February 2018. Hence, there is no understatement of Other Current Liabilities and understatement of Current Assets (Inventory). been disclosed on the face of the Balance Sheet under Current Tax Liabilities. The same is noted for future guidance and will be followed while finalizing the Accounts for FY 2022-23. Further, there is no understatement of Current Liabilities by Rs. 42.28 Crores since, Provision for taxation is also a part of Current Liabilities.</p> <p>In view of the above, it is requested to consider the above reasons and drop the Audit Enquiry Ref.# 9(AENQ – 386286), Dt. 10.10.2023 issued on Wrong disclosure of tax liabilities –SFS as there is no change in balances.</p>

PC No	Final Comment	Reply of the Management
08	<p><b>B. Comments on Disclosure.</b></p> <p>Schedule III to the Act read with Para 73 of Ind AS 16, a reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations, amount of change due to revaluation (if change is 10% or more in the aggregate of the net carrying value of each class of intangible assets) and other adjustments and the related amortization and impairment losses or reversals shall be disclosed separately. Further, Section 129 (4) stipulated that the provisions applicable to the preparation, adoption and audit of standalone financial statements of a Holding company shall, mutatis mutandis, apply to the consolidated financial statements (CFS). The Company neither complied with the above said provisions nor disclosed the reasons for the deviation from the provisions of Ind AS and the Act, as required by Section 129(5) of the Act indicating non-compliance with the provisions of the Act.</p>	<p>It is to submit that the gross carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations are reflected in the Head of Accounts 6102 to 6111 (Fixed Assets). No revaluation is done. The additions during the year are debited and deletions during the year are credited. Provision for depreciation is reflected under HAC 6202 to 6211.</p>
09	<p>Division -II of Schedule III to the Act, the specific disclosure of additional information on the entities which are included in the Consolidated Financial Statements in regard to Net Assets, share in Profit of Loss , share in other comprehensive income, and share in total comprehensive income shall be given in the prescribed format. However, the Company has not complied with the same resulting in deviation to the Provisions of the Companies Act 2013. In the absence of such information, the Audit is not able to ascertain whether any Subsidiary/Associate/Joint Venture Company is not consolidated in the Financial Statements and if so the impact on the financial statements as on reporting date.</p>	<p>submit that, there are 25 JV Companies in which APIIC is holding shares. Out of 25 JV Companies, as of now, 9 Companies are taken into consolidation and 10 Companies are yet to be included and 6 Companies are not required to be taken into consolidation, in which APIIC's shareholding is less than 20%.</p> <p>idated financial statements are used when the parent company holds a majority stake by controlling more than 50% of the subsidiary business. Parent companies that hold more than 20% qualify to use consolidated accounting. the comment is noted for future guidance and will be disclosed as additional information in financial statements for FY 2022-23.</p>



10	<p>ding to Division-II (Ind AS) of Schedule III as amended in March 2021 read with the provisions of Section 129 of the Act 2013, Capital-Work-in Progress (CWIP) ageing schedule in respect of the Projects in progress, Projects temporarily suspended and CWIP whose completion is overdue or has exceeded its cost compared to its original plan, following CWIP completion schedule shall be given in the prescribed format in the financial statements. As per the financial Statements CWIP of the Company as on the reporting date was ₹307.02 crore (Previous year: ₹302.84 crore). However, neither the Management complied with the above requirements, nor the Independent Auditors made any qualification in this regard. NonDisclosure of ageing schedule in the financial statements for the year 2021-22 is a deviation from the provisions of the Companies Act, 2013. The Independent Auditors Report is found to be deficient to that extent.</p>	<p>It is to submit that, Ageing Schedule for CWIP has not been prepared and nondisclosure of ageing schedule in the financial statements for the FY 2021-22 is noted for future guidance.</p>
11	<p>Out of the total 5,54,41,000 shares of Andhra Pradesh gas Infrastructure Corporation Limited (APGICL), the Company held 2,41,66,000 shares constituting to 49% of the total paid-up share capital from October 2009. As per section 2(87) of the Act a company is classified as subsidiary if the holding Company (i) controls the composition of the Board of Directors; or exercises of controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies. Considering the disclosure in note-31 to accounts, the same should have been classified as an Associate company as the shareholding of 51% by APGENCO was not found temporary. Thus, the present classification is a deviation from the provisions of the Act having impact on all the line items of the consolidated financial statements due to consolidation of the accounts of APGIC Ltd as a subsidiary could not be ascertained.</p>	<p>It is to submit that, the final comment is noted for future guidance and will be considered in finalization of Accounts for FY 2022-23.</p>

For and on behalf of the Board of APIIC Limited

Sd/-

**Dr. N. Yuvaraj, IAS**  
**Director**  
**DIN: 06679574**

Sd/-

**Sri M. Abhishikth Kishore, IAS**  
**VC&MD**  
**DIN: 10729614**

Place: Mangalagiri  
Date: 21.08.2024



# ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

## BALANCE SHEET AS AT 31ST MARCH 2022

(Rs. in Crores)

	Particulars	Note No.	Figures as at 31.03.2022	Figures as at 31.03.2021
(1)	<b>ASSETS</b>			
a	<b>Non - Current Assets</b>			
b	Property, Plant and Equipment	3.1.3	79.40	73.17
c	Capital Work in Progress	4.1	0.33	28.38
d	Investment Property	4.2.3	429.87	266.80
	<b>Financial Assets</b>			
	(i) Investments	5.1	643.73	546.08
	(ii) Loans	5.2	521.42	705.55
	(iii) Others	5.3	1,586.17	1,827.91
e	<b>Other Non - Current Assets</b>			
	(i) Non-Current Tax Assets (Net)	6.1	36.14	28.14
	(ii) Other Non - Current Assets	6.2	625.45	1,047.21
	<b>Non - Current Assets - Total</b>		<b>3,922.51</b>	<b>4,523.24</b>
(2)	<b>Current Assets</b>			
a	<b>Inventories</b>	7	3,660.09	3,213.89
b	<b>Financial Assets</b>			
	(i) Trade Receivables	8.1	20.79	29.67
	(ii) Cash and Cash Equivalents	8.2	203.18	137.02
	(iii) Loans	8.3	239.31	237.35
	(iv) Others	8.4	86.98	87.00
c	<b>Other Current Assets</b>	9	37.40	31.97
(3)	<b>AP Reorganisation Adjustment Account</b>	10	225.62	225.62
	<b>Current Assets - Total</b>		<b>4,473.37</b>	<b>3,962.52</b>
	<b>Total Assets</b>		<b>8,395.88</b>	<b>8,485.76</b>
(1)	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(i) Equity Share Capital	11	9.52	9.52
	(ii) Other Equity		456.84	432.86
	<b>Equity - Total</b>		<b>466.36</b>	<b>442.38</b>
(2)	<b>LIABILITIES</b>			
a	<b>Non - Current Liabilities</b>			
	<b>Financial Liabilities</b>			
	(i) Borrowings	12.1	1,717.48	2,081.83
	(ii) Other Financial Liabilities	12.2	1,416.36	1,229.50
b	<b>Provisions</b>	13	9.60	9.83
c	<b>Deferred tax liabilities (Net)</b>	14	7.20	5.25
d	<b>Other Non - Current Liabilities</b>	15	2,197.60	1,853.09
	<b>Non - Current Liabilities - Total</b>		<b>5,348.24</b>	<b>5,179.50</b>
(3)	<b>Current Liabilities</b>			
a	<b>Financial Liabilities</b>			
	(i) Borrowings	16.1	166.54	11.91
	(ii) Trade Payables	16.2	64.90	135.30
	(iii) Other Financial Liabilities	16.3	42.95	271.84
b	<b>Other Current Liabilities</b>	17	1,424.20	1,472.08
c	<b>Provisions</b>	18	882.69	972.75
	<b>Current Liabilities - Total</b>		<b>2,581.28</b>	<b>2,863.88</b>
(4)	<b>Accounting Policies</b>	2		
	<b>Total Equity and Liabilities</b>		<b>8,395.88</b>	<b>8,485.76</b>

AS PER OUR REPORT EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for POLINENI ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 0061325

Sd/-  
M V S R PRASAD  
PARTNER  
M. NO.: 029076

Sd/-  
SRIJANA GUMMALA, IAS  
VICE CHAIRMAN &  
MANAGING DIRECTOR  
DIN:08500020

Sd/-  
M GOVINDA REDDY  
CHAIRMAN  
DIN:01216133

PLACE : MANGALAGIRI  
DATE : 27.12.2022

Sd/-  
M SIVA S REDDY  
COMPANY SECRETARY  
M.No. F9078

Sd/-  
P V SUBBA REDDY  
CHIEF GENERAL MANAGER (F)i/c  
DATE : 27.12.2022



**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2022**

(Rs. in Crores)

	Particulars	Note No.	Current Year (2021-22)	Previous Year (2020-21)
I	Revenue from operations	19	250.65	264.17
II	Other Income	20	32.79	46.15
III	<b>Total Revenue (I + II)</b>		<b>283.44</b>	<b>310.32</b>
IV	<b>Expenses</b>			
a	Cost of Sales	21	77.81	101.76
b	Employee Benefits expense	22	44.41	39.13
c	Depreciation and amortization expense		5.67	5.35
d	Other expenses	24	121.24	123.39
	<b>Total Expenses</b>		<b>249.13</b>	<b>269.63</b>
V	<b>Profit/(Loss) before Exceptional items and tax (III - IV)</b>		<b>34.31</b>	<b>40.69</b>
VI	Exceptional items		0.00	0.00
VII	<b>Profit/(Loss) before tax (V - VI)</b>		<b>34.31</b>	<b>40.69</b>
VIII	<b>Tax expense:</b>			
	(1) Current Tax - Current Year		8.46	13.89
	- Previous Years		0.00	0.41
	(2) Deffered Tax - Current Year		1.95	2.26
	(2) MAT Credit		0.00	0.00
IX	<b>Profit/ (Loss) for the period (VII - VIII)</b>		<b>23.90</b>	<b>24.13</b>
X	<b>Other Comprehensive Income</b>			
	(i) Items that will not be reclassified to Profit or (Loss)		0.00	0.00
	Employee Cost - Acturial gain/(loss)			
	<b>Tax expense:</b>			
	(1) Current Tax		0.00	0.00
	(2) Deffered Tax - Current Year		0.00	0.00
XI	<b>Total Comprehensive Income/ (Loss) for the year</b>		<b>23.90</b>	<b>24.13</b>
XII	<b>Earning per equity share (in Rupees):</b>			
	- Basic & Diluted		<b>2,510</b>	<b>2,534</b>
	(Face value of Rs. 1000/- per Share)			

See Accompanying notes to the financial statements

AS PER OUR REPORT EVEN DATE  
for POLINENI ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 0061325

Sd/-  
M V S R PRASAD  
PARTNER  
M. NO.: 029076

PLACE : MANGALAGIRI  
DATE : 27.12.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-  
SRIJANA GUMMALLA, IAS  
VICE CHAIRMAN &  
MANAGING DIRECTOR  
DIN:08500020

Sd/-  
M SIVA S REDDY  
COMPANY SECRETARY  
M.No. F9078

Sd/-  
M GOVINDA REDDY  
CHAIRMAN  
DIN:01216133

Sd/-  
P V SUBBA REDDY  
CHIEF GENERAL MANAGER (F)i/c  
DATE : 27.12.2022





**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2022**

(Rs. in Crores)

Details	Share Capital	Other Equity				
	Equity shares of Rs.1,000/- each fully paid	Reserves and Surplus			Other items of other comprehensive income (Employee cost - Acturial gain (loss))	Total
		Capital Reserve	General Reserve	Retained Earnings		
Balance as at the beginning of the year 2020-21	9.52	7.58	0.00	394.91	0.00	402.49
Changes in accounting policy or prior period errors	0.00	0.00	0.00	6.19	0.00	6.19
Restated balance at the beginning of the reporting period	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income for the year	0.00	0.00	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to retained earnings	0.00	0.00	0.00	24.13	0.00	24.13
Any other changes	0.00	0.00	0.00	0.05	0.00	0.05
Balance at the end of the reporting year 2020-21	9.52	7.58	0.00	425.28	0.00	432.86
Balance as at the beginning of the year 2021-22	9.52	7.58	0.00	425.28	0.00	432.86
Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.08	0.00	0.08
Restated balance at the beginning of the reporting period	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income for the year	0.00	0.00	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to retained earnings	0.00	0.00	0.00	23.90	0.00	23.90
Any other changes	0.00	0.00	0.00	0.00	0.00	0.00
Balance at the end of the reporting year 2021-22	9.52	7.58	0.00	449.26	0.00	456.84

AS PER OUR REPORT EVEN DATE

for POLINENI ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 FIRM REG. NO.: 0061325

Sd/-  
 M V S R PRASAD  
 PARTNER  
 M. NO.: 029076

PLACE : MANGALAGIRI  
 DATE : 27.12.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-  
 SRIJANA GUMMALA, IAS  
 VICE CHAIRMAN &  
 MANAGING DIRECTOR  
 DIN:08500020

Sd/-  
 M SIVA S REDDY  
 COMPANY SECRETARY  
 M.No. F9078

Sd/-  
 M GOVINDA REDDY  
 CHAIRMAN  
 DIN:01216133

Sd/-  
 P V SUBBA REDDY  
 CHIEF GENERAL MANAGER (F)i/c  
 DATE : 27.12.2022

# **ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**

## **Notes forming part of Balance Sheet and Statement of Profit & Loss**

### **1. COMPANY INFORMATION:**

Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC Ltd.), the company was incorporated in the year 1973 under the Companies Act, 1956 to formulate, promote, finance, aid, assist, establish, manage and control schemes, projects or programmes, to provide and develop infrastructure facilities and other services of any description in order to promote and assist the rapid and orderly establishment, growth and development of industries and commerce in the State of Andhra Pradesh.

As per section 53 of the A.P Reorganisation of Act, 2014, the assets and liabilities as on 01.06.2014 were divided between the company and TSIIC Limited as per the approved Demerger Scheme.

The financial statements have been prepared in accordance with the Schedule III of the Companies Act, 2013 to the extent applicable and the necessary details have been disclosed in the said statement as per the schedule.

### **2. SIGNIFICANT ACCOUNTING POLICIES:**

#### **Statement of Compliance**

The Financial Statements of the company are prepared as per the Ind AS prescribed under section 133 of the Act read with rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company is governed by the provisions of the Companies Act, 2013.

The Accounting Policies have been consistently applied except a newly issued Accounting Standard which is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

Based on the nature of its activities, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

Amounts in the Financial Statements are presented in ₹ crores except for per share data and as otherwise stated. All exact amounts are stated with suffix "/-".

These Financial Statements are approved for issue by the Board of Directors of the company on 27-12-2022

#### **2.1 Basis of preparation of Financial Statements**

The Financial Statements of the Company are prepared under the Historical Cost convention on the accrual basis in accordance with Indian Accounting Standards (Ind AS) except for certain financial instruments which are measured at fair values as per the provisions of the Companies Act, 2013 (the Act).

#### **2.2 Use of Estimates:**

The preparation of Financial Statements in conformity with Ind AS requires the management of the company to make estimates, judgements and assumptions that affect the application of Accounting Policies, reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of Financial Statements and reported amounts of revenue and expenses during the period. The accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements

## **Significant Accounting Policies:**

### **2.3 Plant, Property and Equipment:**

Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment if any. Historical cost includes purchase price and all attributable costs (freight and non refundable duties and taxes) for bringing the asset to working condition for intended use. Self constructed assets / addition to assets are taken into account after receiving the information from the competent authority.

Any profit/loss on sale, discard /disposal of an asset is charged to statement of profit and loss in the year. In case of purchase / addition of assets whose value  $\leq$ Rs.5000/- are charged to Profit & Loss Account.

Property held to earn rentals or for capital appreciation in which portions could be sold separately are accounted for as investment property or tangible asset as the case may be. If the portions could not be sold separately and if an insignificant portion is held for use for administrative purposes, such property is accounted as investment property.

Property in which insignificant portion is let out on rental basis to facilitate the operations of the business like post offices, banks etc., is accounted as tangible asset.

The cost of assets not put to use as at Balance Sheet date is disclosed under Capital Work-in-Progress.

The portion of land in Non-SEZs to the extent for which Lease Deeds are executed under Investment Property and the portion of land held for allotments on lease in Non-SEZs to the extent for which lease deeds are yet to be executed/ to be allotted under Inventory

The lands in SEZ areas are exhibited under Investment Property irrespective of the execution of Lease Deed.

### **2.4 DEPRECIATION:**

Depreciation on assets is charged on Straight Line method at the rates prescribed in schedule II of Companies Act, 2013.

In the case of any addition/transfer/deletion of an asset, depreciation is charged proportionately based on number of days, from the date when the asset is ready for intended use or till the date of disposal or transfer, as the case may be.

### **2.5 Financial Instruments**

#### **Initial Recognition**

The company recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument. All financial assets and financial liabilities are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

#### **Subsequent measurement**

##### **Financial asset carried at amortised cost**

A Financial Asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows under contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## **Financial Assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with in a business model whose objective is achieved by both by collecting contractual cash flows and selling financial asset under contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value is recognised in other comprehensive income.

## **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss

## **Borrowings and other financial liabilities**

Borrowings and other financial liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facility is recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. For trade and other receivables maturing one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of the instruments.

## **Investments in subsidiaries and associates**

Investments in subsidiaries and associates are carried at cost in separate financial statements.

Impairment if any on investments is accounted for where there is permanent impairment

## **Share Capital**

Ordinary shares are classified as equity. Incremental costs if any directly attributable to the issuance of new ordinary shares recognised as a deduction from equity.

## **De-recognition of financial instruments**

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expired.

## **Fair value of financial instruments**

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at reporting date. The methods used to determine fair values include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never actually be realised.

For financial assets and liabilities maturing within one year from the balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short term maturity of these instruments.

## **2.7 IMPAIRMENT**

### **Financial assets**

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution and banks repayable on demand or maturity within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

Other current interest bearing deposits, principally comprising funds held with banks are carried at amortised cost using effective method. Gains and losses are recognised in profit and loss when the deposits are derecognised or impaired as well as through the amortisation process.

Trade and other receivables are stated at cost less allowance made for doubtful receivables, which approximates fair value given the short term nature of these assets. Provision for impairment of receivables (allowance for doubtful receivables) is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of the receivables.

Losses in respect of impairment in the value of investments if any are recognised in statement of Profit & Loss.

### **Non-financial assets**

The company evaluates the impairment losses on the property, plant and equipment and intangible assets at the each reporting period where there is an indication that an asset may be impaired. Whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable and such assets are considered to be impaired, the impairment loss is then recognised for the amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separate identifiable cash flows.

## **2.8 Inventories**

Inventories and work-in-progress are valued at cost.

Inventories include land cost and development cost in respect of the lands otherthan those for which sale agreements and lease deeds pertaining to Non-SEZs are executed and development cost in respect of SEZs otherthan those for which lease deeds are executed.

Provision for write down if any, in value of materials, spares and other inventory is made from time to time as per an appropriate and prudent policy determined by the company.

## **2.9 Provisions and Contingencies**

A Provision is recognised if as a result of a past event, the compay has present legal or constructive obligation that is reasonably estimatable, and is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the company of a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and expected net cost of continuing with the contract.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are neither accounted for nor disclosed in the accounts.

## **2.10 Income Recognition**

Revenue from ORS Allotments:

Income from Sale of Land, Sheds and Buildings is recognized on execution of sale agreement and handing over physical possession of the premises. With respect of sale of land, the completion of contractual performance obligation is treated as satisfied over period of time as per IND AS 115.



### Treatment of lease allotments and revenue recognition:

Lease allotments are treated in the following manner:

- A) The allotments made on Lease basis with buyout option is treated as Finance Lease.
- B) All other Allotments including SEZs without buyout option is treated as Operating Lease.

### Revenue recognition in respect of Lease allotments:

- A) Non Lease Component i.e., Infrastructure development is recognized as revenue in the year in which lease deeds are executed or in the year in which the expenditure is incurred whichever is later
- B) Lease Component i.e., Land portion is recognized as revenue duly amortising over the lease term"

### Other revenue:

Processing fee, Additional Process fee, interest income on delayed payments towards land cost other than SC / ST allotments, EoT fee and other penalties if any and dividend income are recognized on receipt basis.

### Sales Returns:

Allotments cancelled on account of non fulfilment of terms and conditions as per the Allotment Regulations / Agreement / Deed are considered as sales returns in the year of execution of cancellation Agreement / Deed. The amount to be forfeited if any is recognized as revenue in the year in which the invoice is generated for making the refund to the entrepreneur.

## **2.11 Expenditure**

Expenditure is accounted for on actual basis and provision is made for all known losses and liabilities unless stated otherwise.

The rebate on Land cost given to the entrepreneurs as per the Allotment Regulations is treated as follows:

**a) Allotments on Outright Sale basis:** Charged off in the Accounts in the year during which the sale agreement is executed

**b) Allotments on Lease basis:** Charged off in the Accounts over the period of Lease starting from the year in which the lease deed is executed

If the Allotment is converted from Lease to ORS basis, the balance amount remaining is being charged off in the accounts during the year in which the document is registered with the concerned authority.

## **2.12 Government Grants**

Grants from the government are recognised only when there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government Grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the cost that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented within other income.

## **2.13 Employee Cost and Retirement Benefits**

### **Defined Contribution Plans**

The Company makes defined contribution to the Provident Fund Trust under the provisions of Employee Provident Fund & Miscellaneous Provisions Act for provident fund and pension for the employees to the regional provident fund commissioner. The Company has no further obligation beyond the monthly contributions.

The contributions made by the employees towards Provident Fund are credited to APIIC Employees Provident Fund Trust. The company has obligation to make good the shortfall if any between the return from the investment of the Trust and the notified interest rate. The contribution, if any, towards such shortfall will be accounted for in the year in which it is made.

### **Defined Benefit Plans**

Liability for Leave encashment benefits provided for all Employees is considered based on the actuarial Valuation made at the end of the year which is computed using projected unit credit method.

The interest income/ expenses are calculated by applying the discount rate to the net defined benefit liability or asset. The interest income/ expenses on the net interest income /expense on the net defined benefit liability or asset is recognised in the statement of Profit and loss.

Re-measurement gains and losses arising of experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss past service cost.

### **2.14 Borrowing cost**

Borrowing cost (Interest etc.) that is directly attributable to the acquisition, construction or production of a qualifying capital asset is capitalised as part of the cost of that asset. The borrowing cost incurred on funds borrowed generally and used for the purpose of obtaining a qualifying capital asset, is capitalised applying a capitalisation rate on weighted average basis. Other borrowing costs are recognised as an expense in the period in which these are incurred.

### **2.15 Income tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and loss, except when they relate to items that are recognised in the other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in the other comprehensive income or directly in equity respectively.

### **2.16 Current tax**

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### **2.17 Deferred Tax**

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affect neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and they carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances are to the same taxation authority.

## **2.18 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as on the date of the financial statements and the reported amounts of the revenue and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

### **Critical Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements

### **Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have materially adverse impact on our financial position or profitability.

### **Key Sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Allowance for doubtful debts**

The Company makes allowances for doubtful debts based on an assessment of the recoverability of receivables. The identification of doubtful debts requires use of judgements and estimates. When the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debt expenses in the period in which such estimate has been made.

Provision for bad and doubtful debts is made at 100% on sundry debtors exceeding 3 years in respect of water, rentals, hire purchase etc., for both principal and interest and amounts receivable in respect of Deposit Works

### **Allowance for inventories**

The management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow moving items. The management is satisfied that adequate allowance for obsolete inventories was made in the financial statements.



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE F.Y 2021-22**

**BALANCE SHEET:**

**NON-CURRENT ASSETS**

**3.1 TANGIBLE ASSETS**

**3.1.1 GROSS BLOCK AT COST**

(Rs.in Crores)

PARTICULARS	As at 31st March, 2021	Additions during the year	Deductions during the year	As at 31st March, 2022
LAND INCLUDING LAND DEVELOPMENT	0.06	0.00	0.00	0.06
BUILDINGS	59.13	9.32	0.00	68.45
REFRIGERATORS, ACs AND AIR COOLERS	0.15	0.02	0.00	0.17
FURNITURE AND FIXTURES	5.34	0.06	0.01	5.39
OFFICE EQUIPMENT	0.70	0.01	0.00	0.71
VEHICLES	2.07	0.53	0.00	2.60
ELECTRICAL EQUIPMENT	0.31	0.00	0.00	0.31
DRAWING EQUIPMENT	0.01	0.00	0.00	0.01
COMPUTER	10.75	0.80	0.01	11.54
SOLAR POWER PLANT	12.64	0.00	0.00	12.64
<b>CURRENT YEAR</b>	<b>91.16</b>	<b>10.74</b>	<b>0.02</b>	<b>101.88</b>
<b>PREVIOUS YEAR</b>	<b>79.42</b>	<b>11.74</b>	<b>0.00</b>	<b>91.16</b>

**3.1.2 DEPRECIATION BLOCK**

(Rs.in Crores)

PARTICULARS	As at 31st March, 2021	Additions during the year	Deductions during the year	As at 31st March, 2022
BUILDINGS	2.58	1.08	0.00	3.66
REFRIGERATORS, ACs AND AIR COOLERS	0.13	0.01	0.01	0.13
FURNITURE AND FIXTURES	1.50	0.49	0.00	1.99
OFFICE EQUIPMENT	0.57	0.04	0.00	0.61
VEHICLES	1.38	0.17	0.00	1.55
ELECTRICAL EQUIPMENT	0.21	0.02	0.00	0.23
DRAWING EQUIPMENT	0.01	0.00	0.00	0.01
COMPUTER	7.12	2.23	0.01	9.34
SOLAR POWER PLANT	4.49	0.47	0.00	4.96
<b>CURRENT YEAR</b>	<b>17.99</b>	<b>4.51</b>	<b>0.02</b>	<b>22.48</b>
<b>PREVIOUS YEAR</b>	<b>13.83</b>	<b>4.16</b>	<b>0.00</b>	<b>17.99</b>

**3.1.3 NET BLOCK**

(Rs.in Crores)

PARTICULARS	As at 31st March, 2022	As at 31st March, 2021
LAND INCLUDING LAND DEVELOPMENT	0.06	0.06
BUILDINGS	64.79	56.55
REFRIGERATORS, ACs AND AIR COOLERS	0.04	0.02
FURNITURE AND FIXTURES	3.40	3.84
OFFICE EQUIPMENT	0.10	0.13
VEHICLES	1.05	0.69
ELECTRICAL EQUIPMENT	0.08	0.10
DRAWING EQUIPMENT	0.00	0.00
COMPUTER	2.20	3.63
SOLAR POWER PLANT	7.68	8.15
<b>CURRENT YEAR</b>	<b>79.40</b>	<b>73.17</b>
<b>PREVIOUS YEAR</b>	<b>73.17</b>	<b>65.59</b>

### 3.1.4 Buildings

The company purchased 6th floor (11840 sft) from APIDC on outright purchase basis for a consideration of Rs. 0.13 crores in the year 1979, subsequent additions made of Rs.0.59 crores and 4th floor (11867 sft) from APSSIDC for a consideration of Rs. 1.50 crores in the year 1998 in Parisrama Bhavan, Basheerbagh, Hyderabad. As per the AP Reorganisation Act, 2014 and the Demerger Scheme made thereunder, out of the total extent of 23,707 sft, an area of 9,881.08 sft (i.e., 41.68% of total area) in 6th floor book value of which is Rs.0.60 crores was transferred to TSIIC Limited during the F.Y 2014-15. The 4th floor and the portion relating to the company in the 6th floor was shown under the head Buildings in Plant, Property and Equipment pending completion of registration formalities by the respective parties.

### 3.1.5 Vehicles

M/s Kia Motors Corporation handedover Four (04) motor cars manufactured by the unit established in the state at free of cost to the corporation and registered the four vehicles in the name of the corporation & the same was considered in the books of accounts at Re.1/- per vehicle and exhibited under Plant, Property and Equipment during the F.Y 2019-20. The corporation has obtained insurance policy for the said four vehicles and the cost incurred for insurance policy was charged off in the accounts in the same year.

### 3.1.6 Depreciation:

The depreciation is calculated based on the useful life of the asset as per the provisions of schedule II of the Companies Act, 2013. Accordingly, an amount of Rs.5.66 crores (Previous Year: Rs.5.34 crores) was charged to Profit and Loss statement.

### 3.1.7 SPECIAL ECONOMIC ZONES (SEZ):

The company was appointed as Nodal Agency for development of Special Economic Zones (SEZs) in Andhra Pradesh in respect of SEZs developed by the company as a developer. In respect of the allotments made under lease basis during the year and lease deeds executed, the upfront cost pertaining to land in respect of lease deeds executed is being recognised proportionately depending upon the lease period and lease rentals are accounted for as revenue.

The lands related to Special Economic Zones are exhibited under Investment Property as the same are held for allotment to Industrial Entrepreneurs on lease basis for development of SEZs. During the year, the cost of infrastructure incurred in respect of SEZs to the extent for which lease deeds are executed are charged off in the accounts from time to time.

### 3.1.8 There is no impairment of Fixed Assets during the year

4.1 CAPITAL WORK IN PROGRESS		(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
As per last Balance Sheet		28.38	62.99
Add: Additions during the period		0.28	10.77
Less: Adjustment against Grant/ Capitalisation		28.33	45.38
TOTAL		0.33	28.38

4.2 INVESTMENT PROPERTY		(Rs.in Crores)		
4.2.1 GROSS BLOCK AT COST				
PARTICULARS	As at 31st March, 2021	Additions during the year	Deductions during the year	As at 31st March, 2022
LAND	197.08	164.25	0.02	361.31
BUILDINGS	72.96	0.00	0.00	72.96
CURRENT YEAR	270.04	164.25	0.02	434.27
PREVIOUS YEAR	270.04	0.00	0.00	270.04

**4.2.2 DEPRECIATION BLOCK**

(Rs.in Crores)

PARTICULARS	As at 31st March, 2021	Additions during the year	Deductions during the year	As at 31st March, 2022
BUILDINGS	3.24	1.16	0.00	4.40
<b>CURRENT YEAR</b>	<b>3.24</b>	<b>1.16</b>	<b>0.00</b>	<b>4.40</b>
<b>PREVIOUS YEAR</b>	<b>2.09</b>	<b>1.15</b>	<b>0.00</b>	<b>3.24</b>

**4.2.3 NET BLOCK**

(Rs.in Crores)

PARTICULARS	As at 31st March, 2022	As at 31st March, 2021
LAND	361.31	197.08
BUILDINGS	68.56	69.72
<b>CURRENT YEAR</b>	<b>429.87</b>	<b>266.80</b>
<b>PREVIOUS YEAR</b>	<b>266.80</b>	<b>267.95</b>

Land and Buildings held by the company for allotment on Lease/ Rental basis and in respect of those in which insignificant portion is held for administrative purpose are treated as investment property. In addition, the lands in SEZ areas are exhibited under Investment Property irrespective of the execution of Lease Deed.

During the year, Cost of land of Rs. 164.25 crores was transferred from Stock-in-Trade - Land (Lease) to Investment Property as the land was allotted to NICDIT Krishnapatnam Industrial City Development Limited on lease basis for a period of 99 years without any buyout option.

**5 FINANCIAL ASSETS (NON - CURRENT ASSETS)**

% of Holding

(Rs.in Crores)  
As at 31-3-2022(Rs.in Crores)  
As at 31-3-2021**5.1 INVESTMENTS****A. INVESTMENTS IN EQUITY INSTRUMENTS****INVESTMENTS IN SUBSIDIARY COMPANIES**

I 4,11,58,800 equity shares of Rs.10/- each fully paid-up in Atchutapuram Effluent Treatment Limited	73.64	41.16	41.16
II 2,71,66,000 equity shares of Rs.10/- each fully paid up in A P Gas Infrastructure Corporation P Ltd (Rs. 9/- per equity share written off)	51	2.72	2.72
III 51,000 equity shares of Rs. 10/- each fully paid-up in Krishnapatnam International Leather Complex Pvt. Ltd.	51	1.90	1.90

**INVESTMENTS IN JOINT VENTURES**

IV 52,21,03,120 equity shares of Rs.10/- each fully paid-up in NICDIT Krishnapatnam Industrial City Development Limited (P.Y - 45,32,24,284 equity shares of Rs.10/- each)	50	522.10	453.22
V 2,20,27,071 equity shares of Rs.10/- each fully paid-up in Visakhapatnam Industrial Water Supply Company Ltd	49	22.03	22.03

**INVESTMENTS IN ASSOCIATE COMPANIES**

VI 1,30,00,000 equity shares of Rs.10/- each fully paid up in AP-ADE Manufacturing Parks Private Limited	28.58	13.00	13.00
VII 3,58,70,849 equity shares of Rs.10/- each fully paid-up in AP Gas Distribution Corporation Limited (P.Y - 58,70,849 equity shares of Rs.10/- each)	26.23	35.87	5.87
VIII 52,00,000 equity shares of Rs.10/- each fully paid up in Ace Urban Hitech City Limited	26	5.20	5.20

	% of Holding	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>IX</b> 26,000 equity shares of Rs.10/- each fully paid up in Adani KP Agri Ware Housing Company Private Limited	26	0.03	0.03
<b><u>INVESTMENTS IN RELATED PARTY COMPANIES</u></b>			
<b>X</b> 15,00,000 equity shares of Rs.10/- each full pad-up in Bharatiya International SEZ Ltd	11.05	1.50	1.50
<b>XI</b> 19,80,000 equity shares of Rs.10/- each fully paid-up in Visakha Pharma City Limited (Formerly Ramky Pharma City (India) Ltd)	11	1.98	1.98
<b>XII</b> 17,32,104 equity shares of Rs.10/- each fully paid-up in Ace Urban Infocity Limited (includes 5,77,368 Bonus shares issued on May 12, 2003)	6.42	1.15	1.15
<b>XIII</b> 12,145 equity shares of Rs.10/- each fully paid-up in Hyderabad Information Technology Venture Enterprises Ltd	4.86	0.01	0.01
<b>XIV</b> 2,429 equity shares of Rs.10/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (Rs. 24,290/-)	4.86	0.00	0.00
<b>XV</b> 22,30,961 equity shares of Rs.10/- each fully paid-up in Bhagyanagar Gas Limited	2.49	2.23	2.23
<b>XVI</b> 44,000 equity shares of Rs.10/- each fully paid-up in Vizag IT Park Ltd	0.49	0.04	0.04
<b>B OTHER INVESTMENTS</b>			
<b>I</b> 449 Units of Rs.25,000/- each fully paid-up in Cyberabad Trustee Company (P) Ltd ( HIVE FUND)		1.12	1.12
		<b>652.04</b>	<b>553.16</b>
<b>Add: Deposit towards share application money</b>			
AP Bulk Drug Infrastructure Limited		0.10	0.10
Tirupati Electronics Manufacturing Cluster Limited		0.10	0.10
APIIC Food Park (Krishna District) Limited		0.01	0.01
		<b>652.25</b>	<b>553.37</b>
<b>Less: Provision for impairment of investments</b>			
A P Gas Infrastructure Corporation Limited		2.72	2.72
Ace Urban Hitech City Limited		4.36	4.43
Bharatiya International SEZ Limited		0.09	0.06
AP-ADE Manufacturing Parks Private Limited		1.35	0.00
AP Gas Distribution Corporation Limited		0.00	0.08
<b>TOTAL</b>		<b>643.73</b>	<b>546.08</b>

#### **5.1.1 Investment in AP Gas Infrastructure Corporation Pvt Limited :**

As per the directions of Government of AP in G.O. Ms. No. 222 of Industries & Commerce (INF) Department dated 09.10.2009, the Corporation has acquired 51% of equity (Rs.27.17 crores) in Andhra Pradesh Gas Infrastructure Corporation (P) Ltd upto the end of the previous year.

An amount of Rs. 24.45 crores was written off in the books of accounts duly retaining Rs. 2.72 crores (i.e., 10% value in investment of 2,71,66,000 equity shares @ Rs. 10/- each) in the earlier years towards investment in APGIC as the subsidiary company had incurred losses continuously. Further, an amount of Rs.2.72 crores was provided towards impairment of investments upto the end of the year as the subsidiary has incurred further losses. In addition, an amount of Rs.4.02 crores (Previous Year Rs.1.21 Crores) towards amounts released to APGIC for day to day expenses & other dues receivable from APGIC P Ltd., was provided as Bad Debts upto the end of the year.

#### **5.1.2 Investment in Krishnapatnam International Leather Complex :**

The Company invested an amount of Rs.0.05 crores in Krishnapatnam International Leather Complex Limited towards 51% of Equity upto the end of the year. Further, as a part of discounting of the loan given to KPILC, as per Ind AS-109: Financial Instruments, the fair value of the loan to an extent of Rs.1.85 crores is added to the original cost of investments and exhibited as Rs.1.90 crores as at the end of the year (Previous Year Rs.1.90 crores).

#### **5.1.3 Investments in Visakhapatnam Industrial Water Supply Company Limited :**

The Company has allotted land for an extent of 120.305 Acres on Lease basis for a period of 32 Years for which an amount of Rs. 15.50 crores was received in the form of Equity Shares in earlier years. The Company invested an amount of Rs.6.53 crores in cash in the JV Company in earlier years.

#### **5.1.4 Investments in Atchutapuram Effluent Treatment Limited :**

The company has invested an amount of Rs.11.66 crores in Atchutapuram Effluent Treatment Limited towards 49% of equity upto the end of the year as per the orders of Government of Andhra Pradesh vide GO Ms No.135, dated 18.10.2016 of Industries and Commerce (Infra) Department for which Equity Shares were allotted. During the previous year, it was decided to increase the share holding to 74% of the equity duly converting the loan component into Equity. Accordingly, 2,68,43,985 Equity Shares of Rs.10/- each were allotted to the company during the previous year making the total share holding as 72.32% upto the end of the year. Further, during the year the company has invested an amount of Rs.2,65,50,250/- for which 26,55,025 equity shares of Rs.10/- each were allotted during the year. Accordingly, the total investment as at the end of the year is Rs.41,15,88,000/-.

#### **5.1.5 Investments in AP-ADE Manufacturing Parks Private Limited**

The company has allotted an extent of 264.06 acres of land to M/s Andhra Pradesh Aerospace & Defence Electronics Park Private Limited in anantapuramu district for which part consideration worth Rs.13.00 crores towards 26% share was invested in the SPV as per the orders of Government of Andhra Pradesh vide G.O Ms. No.76, dated 14.09.2015 of Industries and Commerce (Infra) Department during the previous year. Accordingly, 1,30,00,000 equity shares of Rs.10/- each were allotted to the company upto the end of the year.

#### **5.1.6 Investments in NICDIT Krishnapatnam Industrial City Development Limited**

The company has invested an amount of Rs.2.50 crore towards 50% share in the SPV as per the orders of Government of Andhra Pradesh vide G.O RT No.133, dated 07.05.2018 of Industries and Commerce (Infra) Department. During the F.Y 2020-21, an extent of 1,814.51 acres of land was leased to NICDIT Krishnapatnam Industrial City Development Limited on 26.03.2021 for a consideration of Rs.450.72 crores for a period of 99 years for which the company has received 45,07,24,284 Equity Shares of Rs.10/- each during the previous year. In addition, an extent of 277.29 acres of land was leased on 28.08.2021 for a consideration of Rs.68.88 crores for a period of 99 years for which the company has received 6,88,78,836 Equity Shares of Rs.10/- each during the year. Accordingly, the total value of investment (both in the form of Cash & Land put together) is Rs.522.10 crores upto the end of the year



#### **5.1.7 Investments in Adani KP Agri Ware Housing Company Private Limited**

The company has invested an amount of Rs.0.26 crore towards 26% share in the SPV as per the orders of Government of Andhra Pradesh vide G.O Ms No.25, dated 09.02.2017 of Industries and Commerce (Infra) Department.

#### **5.1.8 Investments in AP Gas Distribution Corporation Limited**

The Company allotted an extent of Ac 0.587 cts at a total cost of Rs.5.87 crores for which 58,70,849 equity shares of Rs.10/- each were allotted upto the previous year towards the land cost.

Further, an amount of Rs.30.00 crores was invested as per G.O Ms No.10, dated 17.08.2021 of Infrastructure & Investment (Airports) Department, GoAP towards equity participation for which 3,00,00,000 Equity Shares of Rs.10/- each were received during the year. Accordingly, the total value of investment is (both in the form of Cash & Land put together) is Rs.35.87 crores upto the end of the year

#### **5.1.9 Investments in Bhagyanagar Gas Limited**

The Company allotted an extent of Ac 2.90 cts at a total cost of Rs.2.23 crores for which 22,30,961 equity shares of Rs.10/- each were allotted during the year towards the land cost. The equity participation is made as per the G.O Ms No.234, dated 30.10.2009 of Principal Secretary to GoAP & CIP, I & C Dept.

#### **5.1.10 Investments in AP Bulk Drug Infrastructure Limited**

The company has invested an amount of Rs.0.10 crores towards 100% share in equity in the SPV as per G.O Ms No.45 dated 26.08.2020 of Industries and Commerce (Infra) Department, GoAP for which equity shares are yet to be allotted to the company as at the end of the year.

#### **5.1.11 Investments in APIIC Food Park (Krishna District) Limited**

The company has to invest an amount of Rs.0.01 crores towards 100% share in equity in the SPV as per G.O Ms No.49 dated 14.04.2016 of Industries and Commerce (Infra) Department, GoAP accordingly an amount of Rs.0.01 crore is provided in the books of accounts towards equity contribution during the previous year. The same is retained in the books of accounts and the equity shares are yet to be allotted to the company as at the end of the year.

#### **5.1.12 Investments in Tirupati Electronics Manufacturing Cluster Limited**

The company has to invest an amount of Rs.0.10 crores towards 100% share in equity in the SPV as per G.O Ms No.21 dated 06.04.2020 of Industries and Commerce (Infra) Department, GoAP accordingly an amount of Rs.0.10 crore is provided in the books of accounts towards equity contribution during the year. The equity shares are yet to be allotted to the company as at the end of the year.

**5.1.13** The physical share certificates in respect of Hyderabad Information Technology Venture Enterprises Ltd, Cyberabad Trustee Company (P) Ltd and Cyberabad Trustee Company (P) Ltd (HIVE FUND) were surrendered to the respective companies in the earlier years on account of sale of certain Equity Shares for issue of fresh Share Certificates. The fresh Share Certificates are yet to be received by the company as at the end of the year.

#### **5.1.14 Provision for Impairment of investments**

An amount of Rs. 8.52 crores was provided towards impairment in the value of investments during the year (Previous Year - Rs.7.29 crores) in respect of investments made in certain Subsidiaries/ JVs as indicated at note no.5.1.

#### **5.1.15 Investments transferred to TSIIC Limited :**

The Investments held by the company in the following Subsidiary Companies/ Joint Ventures/ Associate Companies were transferred to TSIIC Limited during the Financial Year 2014-15 on location/ population basis mentioned against each including the provision for impairment of investments as a part of AP Reorganisation Act, 2014 and the Demerger Scheme made thereunder.

Pending approval of the demerger scheme by the Government of India, the share/ debenture certificates in respect of the investments apportioned to TSIIC Limited are in the name of APIIC Limited and continues to be in the name of APIIC Limited till approval of the Demerger Scheme by the Government of India.

Name of the Company	% of Holding	Amount (Rs. In crores)	Basis of allocation
1. Fab City SPV India Pvt Limited	89	0.01	Location
2. E City manufacturing Cluster Limited	100	0.01	Location
3. Maheswaram Science Park Limited	100	0.01	Location
4. Cyberabad Convention Centre Pvt Limited	26	38.48	Location
5. Boulderhills Leisure Pvt Limited	26	19.75	Location
6. Emmar Hills Township Pvt Limited	26	25.03	Location
7. K Raheja IT Park Limited	11	2.20	Location
8. Intime Properties Pvt Limited	11	0.14	Location
9. Sundew Properties Pvt Limited	11	0.12	Location
10. CBT Towers Pvt Limited	11	20.94	Location
11. Patancheru Enviro Tech Pvt Limited	10	0.25	Location
12. Hyderabad Pharma Infrastructure & Technologies Limited	1	0.00	Location
13. Nano Tech Silican India Limited	20	0.47	Location
14. Debentures in CBT Towers Pvt Limited	--	159.06	Location
15. L& T Infocity Limited	4.58	0.83	Population
16. Hyderabad Information Technology Venture Enterprises Ltd	3.33	0.01	Population
17. Cyberabad Trustee Company Pvt Limited	3.33	0.00	Population
18. Cyberabad Trustee Company Pvt Limited (HIVE Fund)	--	0.80	Population

(Rs.in Crores)  
As at 31-3-2022

(Rs.in Crores)  
As at 31-3-2021

## 5.2 LOANS

### Secured and Considered Good:

Loans & Advances to related Parties  
Advances to Staff

#### Sub-Total

51.50

1.45

**52.95**

82.76

1.58

**84.34**

### Unsecured and Considered Good:

Loans & Advances to related Parties  
Advances to Staff  
Other Loans & Advances

#### Sub-Total

#### TOTAL

224.93

0.04

243.50

**468.47**

**521.42**

221.11

0.04

400.06

**621.21**

**705.55**

## 5.2.1 RELATED PARTY TRANSACTIONS:

(Rs.in Crores)

NAME OF THE TRANSACTING RELATED PARTY	RELATIONSHIP	VOLUME OF TRANSACTION DURING THE YEAR	OUTSTANDING AS ON 31.03.2022	AMOUNTS WRITTEN OFF/ WRITTEN BACK
1. AP Gas Infrastructure Corporation Pvt Limited	Subsidiary	2.04	4.02	0.00
2. Krishnapatnam International Leather Complex P Ltd	Subsidiary	0.00	29.29	0.00
3. Atchutapuram Effluent Treatment Limited (Acc. Interest)	Subsidiary	2.43	5.23	0.00
4. APIIC Food Park (Krishna District) Limited	Subsidiary (Pending share allotment)	0.06	50.05	0.00
5. Tirupati Electronics Manufacturing Cluster Limited		1.24	140.97	0.00
6. Visakhapatnam Industrial Water Supply Company (Acc. Interest on Secured Loan)	Joint Venture	-31.26	51.50	0.00
<b>TOTAL</b>		<b>-25.49</b>	<b>281.06</b>	<b>0.00</b>

## 5.2.2 Transactions relating to APIIC Food Park (Krishna District) Limited

As per the directions of DAG, O/o. AG (Audit), Vijayawada vide Lr. No: PAG(Audit) /AMG-II/A.ACs.APIIC/2021-22/49 dt: 14.10.2021. All the transactions upto the end of the year pertaining to APIIC Food Park (Krishna District) Limited are withdrawn on 31.03.2020 and necessary entries have been passed in the accounts of APIIC Ltd., to that effect during the F.Y 2019-20.

The following are the details of the transactions withdrawn:

PARTICULARS	AMOUNT (Rs. in Crores)
1. Share Application Money	0.01
2. Advance paid to Consultant	(0.01)
3. Civil Work expenditure incurred on behalf of SPV	(71.10)
4. Interest on Loan - Capitalised	(0.33)
5. Income pertaining to SPV booked revenue during the year	0.45
6. Income pertaining to SPV booked revenue upto previous year	0.03
7. EMD/WHA/FSDs of Contractors pertaining to SPV	0.35
8. GoI Grant pertaining to SPV	34.20
9. Loan taken for SPV and Acc. Interest thereon	14.08
10. Unpaid Bills	0.66
11. Cash Book Balance of all 3 Accounts (4.20 + 3.17 + 0.01)	(7.38)
<b>TOTAL</b>	<b>(29.04)</b>
1. Due from SPV	(29.53)
2. Due to SPV	0.49
<b>TOTAL</b>	<b>(29.04)</b>

The value of land admeasuring Acre 57.45 cents of Rs. 3.16 crores pertaining to the SPV is retained in the books of APIIC Limited only as the land is neither physically handedover nor legally transferred to the SPV as on the date of Balance Sheet. Further, the amounts received from the entrepreneurs to a tune of Rs. 3.18 crores upto the end of the previous year towards allotment of land are retained in the books of APIIC Ltd only and the same will be transferred to the SPV on execution of lease deeds in favour of allottees as the legal liability vests with APIIC only till execution of Sale Agreement/ Lease Deed as per Accounting Policy.

#### 5.2.3 Loan to Kondapalli Effluent Treatment Limited:

The company has given a loan of Rs. 0.50 crores during the F.Y 2015-16 with applicable rate of interest @ 8% p.a repayable in 3 years after a moratorium period of 2 years. The loan is treated as arms length transaction and hence no discounting is made in this regard. The principal and interest accrued and due are yet to be received from the said company as at the end of the year.

**5.2.4** The accrued Interest amounting to a tune of Rs.2.39 crores per annum in respect of the loan rendered to Krishnapatnam International Leather Complex Limited was not being accounted for since F.Y 2020-21 due to uncertainty on receipt of the same.

#### 5.2.5 Transactions relating to Tirupati Electronics Manufacturing Cluster Limited

During the year the expenditure incurred towards infrastructure works at EMC – II, Vikruthamala, Grants received from Government of India and the balance in the bank as on 30.09.2020 were transferred to Tirupati Electronics Manufacturing Cluster Limited as the SPV was incorporated under the Companies Act, 2013 during the month of August 2020.

The following are the details of the transactions withdrawn:

PARTICULARS	AMOUNT (Rs.in Crores)
1. Civil Work expenditure incurred on behalf of SPV	139.08
2. Grants from GoI	(55.71)
3. Balance with Union Bank of India	57.04
4. Interest income in Bank account	(0.66)
<b>TOTAL</b>	<b>139.75</b>



The value of land pertaining to the SPV is retained in the books of APIIC Limited only as the land is neither physically handed over nor legally transferred to the SPV as on the date of Balance Sheet. Further, the amounts received from the entrepreneurs upto the end of the year towards allotment of land in respect of the allotments for which Sale Agreement/ Lease Deed is yet to be executed are retained in the books of APIIC Ltd only and the same will be transferred to the SPV on execution of Sale Deed/ Lease Deed in favour of allottees as the legal liability vests with APIIC only till execution of Sale Deed/ Lease Deed. Further, the infrastructure portion cost out of the total allotment value in respect of the allotments for which Lease Deed/ Sale Agreement executed are retained in the books of APIIC Ltd and exhibited as Due to SPVs.

**5.2.6** During the previous year the company has released unsecured loans to a tune of Rs.235.00 Crores i.e., Rs.220.00 Crores to Andhra Pradesh Airport Development Corporation Limited for land acquisition for development of Bhogapuram International Airport and Rs.15.00 Crores to YSR Steel Corporation Limited (Formerly AP High Grade Steels Limited as per the instructions of GoAP vide Lr. No INI01-APAD/19/2020-Airports, dated 07.08.2020 of Infrastructure and Investment Department and Lr. No.1208356/2020/A1-INFRA-INDS, dated 03.09.2020 of Industries & Commerce (Infra) Department respectively.

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-03-2021
<b>5.3 OTHERS</b>		
Public Deposit Account	1,498.65	1,758.70
Securities against Guarantees	17.02	16.00
Accrued int. on Fixed Deposits	2.59	1.30
Others	67.91	51.91
<b>TOTAL</b>	<b>1,586.17</b>	<b>1,827.91</b>
<b>6 OTHER NON - CURRENT ASSETS</b>		
<b>6.1 CURRENT TAX ASSETS (NET)</b>	<b>36.14</b>	<b>28.14</b>
<b>6.2 OTHER NON - CURRENT ASSETS</b>		
Due from GoAP	157.35	139.27
Taxes paid under protest	57.31	57.31
Security Deposits (Unsecured)	0.64	0.53
Deposit towards Land Acquisition	378.22	828.08
Others	31.93	22.02
<b>TOTAL</b>	<b>625.45</b>	<b>1047.21</b>
<b>CURRENT ASSETS</b>		
<b>7 INVENTORIES (As certified by the management)</b>		
Construction materials	0.46	0.46
Stock in trade - Land	3,088.03	2,708.39
Leased Land	28.15	0.09
Stock in Trade - Development	0.27	131.78
Stock in Trade - Development (Leased Lands)	135.25	43.80
<b>Sub-Total</b>	<b>3,252.16</b>	<b>2,884.52</b>
Work - in progress	407.93	329.37
<b>TOTAL</b>	<b>3,660.09</b>	<b>3,213.89</b>

## 7.1 Government Lands:

The company is taking possession of Government Lands at various places in the state pending alienation orders from the Government of Andhra Pradesh. Pending alienation orders, the lands taken possession are being capitalised in the Books of Accounts on provisional basis. Further, the Government of Andhra Pradesh vide G.O. Ms. No. 106 dated 16.03.2017 of Industries and Commerce Department ordered for allotment of government lands to the company at free cost. As such, the government lands taken possession during the year is capitalised provisionally at a nominal cost of Re. 1/- per acre pending alienation orders. Where specific alienation orders are received in respect of government lands handed over to the company during the year, the same were capitalised at the rate / amount mentioned in the alienation orders.

Accordingly, an extent of 765.66 acres of pure Government vacant land was taken possession during the year (7,884.9 acres upto the end of the previous year) at free of cost.

## 8 FINANCIAL ASSETS

(Rs.in Crores)  
As at 31-3-2022

(Rs.in Crores)  
As at 31-3-2021

### 8.1 TRADE RECEIVABLES

(Unsecured and Considered Good)

Debts exceeding 12 months

Other debts

36.21

39.77

16.99

16.79

**53.20**

**56.56**

Less: Provision for doubtful debts

32.41

26.89

**TOTAL**

**20.79**

**29.67**

The age wise analysis for the sundry debtors was done based on the date of invoice. Provision for doubtful debts is created as per Accounting Policy No.2.18 of the company.

### 8 TRADE RECEIVABLES AGEING SCHEDULE

Outstanding for following periods from due date of payment	Undisputed - Considered Good (Rs. In Crores) as on	
	31.2.2022	31.2.2021
Less than 6 months	12.42	9.23
6 months - 1 year	4.57	7.56
1-2 Years	5.21	6.36
2-3 years	2.62	7.73
More then 3 Years	28.38	25.68
<b>Total</b>	<b>53.20</b>	<b>56.56</b>

There are no Undisputed Trade Receivables which has significant increase in credit risk, Credit impaired and no Disputed Trade Receivables of all kinds.

### 8.2 CASH AND BANK BALANCES

(Rs.in Crores)  
As at 31-3-2022

(Rs.in Crores)  
As at 31-3-2021

#### I) CASH AND CASH EQUIVALENTS

Balance in Bank Accounts

40.01

54.68

Balance with Banks - Estates

20.79

7.07

Cash in Transit

0.00

2.82

**Bank Deposits less than 3 months**

Securities against Guarantees

0.84

0.54

Accrued interest on Fixed Deposits

0.03

0.11

**Sub-total**

**61.67**

**65.22**

#### II) BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

**Earmarked Balances with Banks**

Bank Accounts - Govt. Grants

133.04

62.55

**Bank Deposits more than 3 months and  
less than 12 months**

Securities against Guarantees

8.27

9.00

Accrued interest on Fixed Deposits

0.20

0.25

**Sub-total**

**141.51**

**71.80**

**TOTAL**

**203.18**

**137.02**

**8.2.1** During the previous year, the company has deposited an amount of Rs.450.00 crores into the PD Account of the Corporation as per the instructions of the GoAP.

**8.2.2** Fixed Deposits include the following amounts held with the banks mentioned against each towards collateral Security in respect of Bank Guarantees arranged by the company upto the end of the year

(Rs.in Crores)

NAME OF THE BANK	Amount Invested	Collateral Security	Free Hold Amount
Andhra Bank, Ring Road Branch, Vijayawada	0.29	0.20	0.09
HDFC Bank, Gurunanak Colony Branch, Vijayawada	4.40	3.91	0.49
Canara Bank, SME Branch, Vijayawada	21.17	20.60	0.57
Kotak Mahindra Bank, Governorpet Branch, Vijayawada	0.27	0.27	0.00
<b>TOTAL</b>	<b>26.13</b>	<b>24.98</b>	<b>1.15</b>

<b>8.3 LOANS</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2022</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2021</b>
Secured and Considered Good:		
Loans & Advances to related Parties	4.02	1.98
Advances to Staff	0.17	0.34
<b>Sub-Total</b>	<b>4.19</b>	<b>2.32</b>
<b>Unsecured and Considered Good:</b>		
Advances to Staff	0.01	0.01
Loans to Other PSUs	235.00	235.00
Interest free Loans & Advances to Staff & Others	0.11	0.02
<b>Sub-Total</b>	<b>235.12</b>	<b>235.03</b>
<b>TOTAL</b>	<b>239.31</b>	<b>237.35</b>
<b>8.4 OTHERS</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2022</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2021</b>
Due from TSIIIC	8.33	8.33
Due from GoAP	77.14	77.14
Other Advances	1.51	1.53
<b>TOTAL</b>	<b>86.98</b>	<b>87.00</b>
<b>8.4.1</b> The company availed the facility of moratorium in respect of payment of principal and interest for the period from March-2020 to August-2020 as announced by the Reserve Bank of India vide their circular no. RBI/2019-20/186, dated 27.03.2020. Accordingly, an amount of Rs.77.14 crores payable as interest to the 3 banks was capitalised. Since, GoAP have agreed to repay the entire term loan, the amount of Rs.77.14 crores is shown as Due from GoAP - Interest on Loans.		
<b>9 OTHER CURRENT ASSETS</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2022</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2021</b>
Tax Deducted at Source	26.21	21.74
MAT Credit	3.59	3.59
Other advances	7.60	6.64
<b>TOTAL</b>	<b>37.40</b>	<b>31.97</b>
<b>9.1</b> MAT Credit Receivable comprises of amounts relating to F.Y 2014-15 Rs.3.59 crores		
<b>10 AP REORGANISATION ADJUSTMENT ACCOUNT</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2022</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2021</b>
	225.62	225.62
<b>11 EQUITY SHARE CAPITAL</b>		
Authorised Capital		
2,00,000 equity shares of Rs. 1000/- each	20.00	20.00
Issued, Subscribed and Paid up Capital		
Equity Shares of Rs. 1000/- each	9.52	9.52
<b>Total 95,222 equity shares of Rs. 1000/- each</b>	<b>9.52</b>	<b>9.52</b>
<b>11.1</b> Details of Shareholders holding more than 5% (percent) shares in the Company:		
	<b>As at 31st</b> <b>March, 2022</b> <b>No. of shares</b>	<b>As at 31st</b> <b>March, 2021</b> <b>No. of shares</b>
Governor of Andhra Pradesh (100% holding)	95222	95222
<b>11.2</b> The Company has only one class of shares i.e., equity shares ranking pari passu with all respects including entitlement of dividend, voting and repayment of capital. Each equity share carries one vote.		
<b>NON-CURRENT LIABILITIES:</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2022</b>	<b>(Rs.in Crores)</b> <b>As at 31-3-2021</b>
<b>12 FINANCIAL LIABILITIES</b>		
<b>12.1 BORROWINGS - Secured</b>		
Term Loans from Banks	1,665.98	1,999.07
Interest accrued but not due (Payable from 2022-23)	51.50	82.76
<b>TOTAL</b>	<b>1,717.48</b>	<b>2,081.83</b>

### 12.1.1 Loan from NTPC and RINL:

As per the minutes of VIWSCO Board meeting dated 19.11.2012, loans drawn from RINL, NTPC & VMC were restructured by VIWSCO. As per the restructuring plan i) rate of interest is 10% pa on principal outstanding, ii) Loan is repayable in ten equal yearly instalments commencing from 2012-13, iii) Outstanding interest and outstanding penal interest as on 31.03.2011 together called as ""Funded Interest"" payable in ten equal yearly instalments starting from 2012-13, iv) Yearly interest payment commencing from 2012-13 is deferred till loan amount is fully paid by 2021-22 as "Deferred yearly interest", v) Deferred yearly interest outstanding as on 31.03.2022 is payable in five equal yearly instalments commencing from 2022-23, vi) Funded interest and deferred yearly interest will not carry any interest. The Government of Andhra Pradesh vide G.O. Ms. No.24, Dt:25.02.2016 accepted the proposal as agreed in the minutes of the meeting held on 19.11.2012 duly approving the agreed terms and conditions for repayment of loan, outstanding interest, penal interest and yearly interest. The supplementary agreements are to be executed by the company.

VIWSCO is directly servicing the loan to RINL and NTPC from time to time and no entries are passed in the books of accounts of APIIC for servicing of interest as it has no impact on the Profit and Loss statement. The figures adopted are from the annual accounts of VIWSCO by making necessary entries in the books of accounts during the year and the loans from RINL and NTPC includes accrued interest repayable from 2022-23.

VIWSCO has created the first charge on its assets to RINL and NTPC for the loan amount.

As at the beginning of the year, there is no outstanding balance due towards principal in respect of RINL, NTPC and GVMC.

### 12.1.2 Loan from Banks

During the F.Y 2017-18, an amount of Rs.2,000.00 crores was borrowed as long term loan for land acquisition and infrastructure development in four projects at monthly MCLR with repayment period of 12 years after completion of moratorium period of 3 years from the date of availment from the following three banks. The Government of Andhra Pradesh have given Guarantee for principal and interest thereon in respect of the loans availed from all the three banks vide G.O. Ms No.83 dated 06.06.2017 of Industries and Commerce (Infra) Department No Security was given by the company for availing the loans.

NAME OF THE BANK	(Rs.in Crores)			
	F.Y. 2021-22		F.Y. 2020-21	
	PRINCIPAL	ACC. INTEREST	PRINCIPAL	ACC. INTEREST
Union Bank of India (Principal - Rs.500 crores)	445.75	0.00	487.41	2.83
Canara Bank (Principal - Rs.750 crores)	686.20	0.00	748.59	4.31
Bank of India (Principal - Rs.750 crores)	700.57	0.00	763.07	4.77
<b>TOTAL</b>	<b>1,832.52</b>	<b>0.00</b>	<b>1,999.07</b>	<b>11.91</b>

The Government of Andhra Pradesh while giving Guarantee to the banks for the loan amount of Rs.2,000.00 crores requested the company to remit Guarantee Commission @ 2% on the total loan amount. Accordingly an amount of Rs.10.00 crores was remitted to the account of the Government during the previous year towards Guarantee Commission on loan availed from Union Bank of India and the balance amount of Rs.30.00 crores was adjusted during the previous year against the amount due from Government of Andhra Pradesh towards expenditure incurred in respect of Somasila Water Supply Scheme.

Out of the total loan amount, an amount of Rs.520.00 crores was held with the corporation and Rs.1,480.00 crores was deposited in the PD Account of the corporation as per the instructions of the Government of Andhra Pradesh vide Lr. No.21025/23/CM/2017, dated 02.01.2018 of Finance (DM) Department. The interest component on the loan amount deposited in the PD Account is being serviced by Government of Andhra Pradesh by release of amount to the PD Account of the company. Accordingly, during the year an amount of Rs.90.68 crores (Previous Year Rs.335.99 crores) was received from GoAP. Out of the total funds released by GoAP, an amount of Rs.29.39 crores was lapsed on 31.03.2022 and the balance available is Rs.NIL as at the end of the year.

An amount of Rs.513.10 crores (Previous Year Rs.354.75 crores) was incurred towards land acquisition and others out of the loan amount upto the end of the year. Further, an amount of Rs.428.72 crores (Previous Year Rs.410.35 crores) was incurred towards land acquisition and infrastructure works for KIA Motors as per the instructions of Government of Andhra Pradesh vide G.O. Ms No.125 dated 14.09.2017 of Industries and Commerce (Infra) Department upto the end of the year.

**LOAN REPAYMENT SCHEDULE :**

NAME OF THE BANK (Principal & Moratorium Interest)	Total No. of Quarterly Instalments	Instalment Value (Rs. In Crore)	No. of Instalments Due & Paid	Balance No. of Instalments
Union Bank of India (Rs.500 crores+Rs.18.66 Crores)	48	10.417	7	41
Canara Bank (Rs.750 crores+Rs. 29.78 Crores)	48	15.625	6	42
Bank of India (Rs.750 crores + Rs. 28.69 Crores)	48	15.625	5	43

The no. of Quarterly instalments pertains to the original loan amount borrowed. The installments and other terms in respect of Moratorium interest capitalised during the F.Y.2020-21 due to Covid-19 Pandemic is yet to be communicated by the Bankers.

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>12.2 OTHER FINANCIAL LIABILITIES</b>		
Due to GoAP - Land	1,350.86	1,176.23
Other Liabilities	65.50	53.27
<b>TOTAL</b>	<b>1,416.36</b>	<b>1,229.50</b>
<b>13 PROVISIONS</b>		
<b>Provision for leave Benefits</b>		
As per the last balance sheet	9.83	9.54
Add: Additions during the year	9.60	9.83
Less: Payments/adjustments during year	9.83	9.54
<b>TOTAL</b>	<b>9.60</b>	<b>9.83</b>

**13.1** The Board of APIIC authorised the Vice Chairman and Managing Director of both the divisions to finalise the modalities and allocation of employees in its 202nd meeting held on 26.03.2015. Accordingly, final allocation of employees to APIIC Limited and TSIIC Limited was made which is subject to scrutiny and approval of the committee appointed/ guidelines issued if any by the Central Government for allocation of employees of PSUs. The assignment of division of employees was entrusted to the expert committee vide G.O. Rt. No. 2066, Dt: 26.09.2016.

The Final Allocation of Employees between APIIC Limited and TSIIC Limited was approved by the Expert Committee on 21.08.2018. The same was forwarded by the Government of Andhra Pradesh to the Government of India for concurrence. Pending concurrence from Government of India, the provision in respect of leave benefits was made in respect of the employees allocated and working in APIIC Limited as at the end of the Financial Year.

**14 DEFERRED TAX LIABILITIES (NET)**

As per Indian Accounting Standards (Ind AS-12) on Income Taxes, the deferred tax liability as on 31st March comprises the following:

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
Deferred Tax Liability	9.92	7.83
Less: Deferred Tax Asset	2.72	2.58
<b>Net Deferred Tax Liability (Asset)</b>	<b>7.20</b>	<b>5.25</b>

**15 OTHER NON - CURRENT LIABILITIES**

Funds from ITE & C Department	30.73	57.79
Deposit towards works undertaken	250.71	249.68
Deposits towards Lease Premium - SEZ & NON SEZ	1,095.86	1,082.75
Land Conversion Charges	262.93	262.93
Advance Receipt - Lease & ORS	308.20	47.14
Other liabilities	249.17	152.80
<b>TOTAL</b>	<b>2,197.60</b>	<b>1,853.09</b>

**15.1 Deposit towards works undertaken:**

The Company has been executing civil works on behalf of various Departments/ Undertakings of State and Central Governments. These works which are in various stages of completion are in possession of the Company and they are to be handed over to the respective Departments after their completion. The amounts of unspent balance outstanding are shown under Deposits towards works undertaken.

During the year, the company has made a provision for Bad Debts to a tune of Rs.17.09 crores (Previous Year Rs.16.99 crores) in respect of the amounts receivable from other Government Departments as per the comments of C & AG on the accounts of the company for the F.Y 2018-19.(Refer note no. 8.1)



## 15.2 Land Conversion Charges:

As per the AP Non Agricultural Land (conversion for non agricultural purpose) Act, 2006, conversion charges are payable by the owner or occupier for conversion of agricultural land. The company sought exemption from the Government of Andhra Pradesh from levy of conversion charges for the lands acquired by the company. Pending receipt of decision of the Government, an amount of Rs.262.93 crores was retained in the books of accounts towards conversion charges. However the company has not made provision for conversion charges where lands are allotted on as is where is basis (UDL) as the allottees are required to pay / seek exemption in respect of conversion charges.

During the year 2018, section 7 of the AP Non Agricultural Land (conversion for non agricultural purpose) Act, 2006 was amended as "in section 7 of the principal Act, after item (f), the following item shall be added namely - (g) Lands allotted to the Andhra Pradesh Industrial Infrastructure Corporation (APIIC)". Accordingly, the Government of Andhra Pradesh issued notification vide G.O Ms. No.98, dated 19.02.2018. Accordingly, no provision was made towards conversion charges in books of accounts from the F.Y 2015-16 to 2017-18.

The corporation has requested GoAP for clarification on non applicability of conversion charges to APIIC Limited with retrospective effect. Pending clarification, the existing provision as at the end of the previous year is retained in the Books of Accounts.

## 15.3 Assistance to States For Developing Export Infrastructure & Allied Activities (ASIDE):

The Government of India formulated a scheme namely "Assistance to States For Developing Export Infrastructure & Allied Activities (ASIDE)" for involvement of States in export efforts. Under this scheme, funds to the State are directly disbursed to State Level Nodal Agency by Government of India. In this process, no funds were received from Government of India during the year and previous year.

## 15.4 Industrial Infrastructure Upgradation Fund (IIDF):

Government of Andhra Pradesh created a fund called IIDF for taking up infrastructure works wherever there is no provision to take up such works under regular budget. Under this Scheme, no funds were received from Government during the year and previous year.

## 15.5 Grants received from Government of India for implementation of projects / schemes

The Government of India have sanctioned various projects/ Schemes for which grants were received by the corporation the details of which are as follows:

SCHEME	(Rs.in Crores)	
	2021-22	2020-21
EMC-I, Vikruthamala	0.00	9.31
YSR EMC, Kopparthi	105.00	0.00
MSECDP	6.00	0.00
<b>TOTAL</b>	<b>111.00</b>	<b>9.31</b>

## 15.6 DEPOSIT TOWARDS LEASE PREMIUM - SEZ & NON SEZ

The Amounts received from allottees towards up front cost in respect of lease allotments in SEZ and Non SEZ Areas which are treated as Operating Lease are exhibited under Deposit towards Lease Premium - SEZ & Non SEZ after amortisation of the up front cost as revenue from year to year.

### CURRENT LIABILITIES

(Rs.in Crores)  
As at 31-3-2022

(Rs.in Crores)  
As at 31-3-2021

### 16 FINANCIAL LIABILITIES

#### 16.1 BORROWINGS

Term Loan from Banks
Accrued interest on Loan from Banks
<b>TOTAL</b>

166.54	0.00
0.00	11.91
<b>166.54</b>	<b>11.91</b>

#### 16.2 TRADE PAYABLES

Trade Payables
<b>TOTAL</b>

64.90	135.30
<b>64.90</b>	<b>135.30</b>

### 16.2.1 TRADE PAYABLES AGEING SCHEDULE

Outstanding for following periods from due date of payment	Undisputed - Other than MSME (Rs. In Crores) as on	
	31.2.2022	31.2.2021
Less than 1 Year	39.44	64.33
1-2 Years	2.54	65.42
2-3 years	17.82	5.52
More then 3 Years	5.10	0.03
<b>TOTAL</b>	<b>64.90</b>	<b>135.30</b>

There are no Undisputed Trade Payables in respect to MSME and no Disputed Trade Payables

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>16.3 OTHER FINANCIAL LIABILITIES</b>		
Other Liabilities	42.95	271.84
<b>TOTAL</b>	<b>42.95</b>	<b>271.84</b>
<b>17 OTHER CURRENT LIABILITIES</b>		
Deposits received from allottees	1,388.91	1,439.62
Other Current Liabilities	35.29	32.46
<b>TOTAL</b>	<b>1,424.20</b>	<b>1,472.08</b>
<b>17.1</b> The company sold industrial plots at Visakhapatnam on behalf of M/s Vizag Apparel Park. Accordingly, an amount of Rs.5.60 crores is included in other current liabilities as Due to textile department i.e., M/s Vizag Apparel Park. The same is under reconciliation with the company.		
<b>17.2</b> The partwise schedules in respect of deposits received from allottees is under review and reconciliation. Deposits received from allottees includes EMD of Rs.58.71 crores ( Previous Year- Rs. 70.40 crores)		
<b>18 PROVISIONS</b>	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>(a) PROVISION FOR EMPLOYEE BENEFITS</b>		
<b>18.1 Provision for leave Benefits</b>		
As per the last balance sheet	0.43	0.80
Add: Additions during the year	1.20	0.43
Less: Payments/adjustments during year	0.43	0.80
<b>Sub-Total</b>	<b>1.20</b>	<b>0.43</b>
<b>(b) OTHERS</b>		
<b>18.2 Provision for PS charges</b>		
As per the last balance sheet	6.36	5.61
Add: Additions during the year	3.65	0.75
Less: Payments/adjustments during year	0.00	0.00
<b>Sub-total</b>	<b>10.01</b>	<b>6.36</b>
<b>18.3 Provision for Contractual Obligations</b>		
As per the last balance sheet	931.42	1,043.30
Add: Additions during the year	0.00	0.00
Less: Adjustments made during year	102.95	111.88
<b>Sub-total</b>	<b>828.47</b>	<b>931.42</b>
<b>18.4 Provision for taxation</b>		
As per the last balance sheet	33.81	19.94
Add: Additions during the year	8.47	13.87
Less: Payments/adjustments during year	0.00	0.00
<b>Sub-total</b>	<b>42.28</b>	<b>33.81</b>
<b>18.5 Provision for Writedown of Inventories</b>		
As per the last balance sheet	0.73	0.73
Add: Additions during the year	0.00	0.00
Less: Payments/adjustments during year	0.00	0.00
<b>Sub-total</b>	<b>0.73</b>	<b>0.73</b>
<b>TOTAL</b>	<b>882.69</b>	<b>972.75</b>



**18.6** Provision for write down of inventories was made in earlier years towards old balances of Inventories, Hire Purchase Sheds and Houses - Stock included under inventories (refer note no. 7)

## 18.7 CONTINGENT LIABILITIES AND COMMITMENTS

### Contingent Liabilities

S.No.	PARTICULARS	31.03.2022 (Rs.in crores)	31.03.2021 (Rs.in crores)
a.	Claims against the company not acknowledged as debts	0.00	0.00
b.	Guarantees	24.98	23.07
c.	<u>Other money for which the company is contingently liable :</u>		
	i) Income Tax Demands	47.65	10.69
	ii) Service Tax Demands	0.00	0.00
	iii) Legal cases	367.23	342.35
	iv) Conversion Charges	574.61	574.61
	<b>TOTAL</b>	989.49	927.65
	<b>GRAND TOTAL</b>	<b>1,014.47</b>	<b>950.72</b>

### Commitments

S.No.	PARTICULARS	31.03.2022 (Rs.in crores)	31.3-2021 (Rs.in crores)
a.	Other Commitments	345.17	192.37
	<b>Total</b>	<b>345.17</b>	<b>192.37</b>

## 18.8 RATIOS

RATIOS	CURRENT YEAR	PREVIOUS YEAR	% OF VARIANCE
Current Ratio = Current Asset / Current Liabilities	4247.75 / 2581.28 1.65	3736.9 / 2863.88 1.30	26.92%
Debt-Equity Ratio = Total Debt / Share holder's Equity	1884.02 / 466.36 4.04	2093.74 / 442.38 4.73	14.59%
Debt Service Coverage Ratio	~~~~~ NOT APPLICABLE ~~~~~		
Return on Equity (ROE) = ( Net Profits after taxes - Preferred Dividend) / Average Share holder's Equity	(23.9-0) / 466.36 0.05	(24.13-0) / 442.38 0.05	0.00%
Inventory Turnover Ratio = Cost of goods Sold / Average Inventory	77.81 / 3436.99 0.02	101.76 / 3429.71 0.03	33.33%
Trade Receivables Turnover Ratio = Net Credit Sales / Average Accounts Receivables	~~~~~ NOT APPLICABLE ~~~~~		
Trade Payable Turnover Ratio = Net Credit Purchases / Average Trade Payables	~~~~~ NOT APPLICABLE ~~~~~		
Net Capital Turnover Ratio = Net Sales / Working Capital	148.12 / 1666.47 0.09	204.76 / 873.02 0.23	60.87%
Net Profit Ratio = Net Profit / Net Sales	23.9 / 148.12 0.16	24.13 / 204.76 0.12	33.33%
Return on Capital employed (ROCE) = EBIT / Capital Employed	34.31 / 2360.3 0.01	40.69 / 2543.95 0.02	50.00%

(Rs.in Crores)

As at 31-3-2022

## 19 REVENUE FROM OPERATIONS

Sale of Land, Sheds, lease etc... less Sales Returns	67.37
Revenue from Lease of Land (Non-SEZ)	80.75
Interest, Lease and other rental income	30.85
Water Demands	57.72
Other Operating Revenue	13.96
<b>TOTAL</b>	<b>250.65</b>

(Rs.in Crores)

As at 31-3-2021

204.38
0.38
12.35
39.12
7.94
<b>264.17</b>

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>20 OTHER INCOME</b>		
Interest Income	7.04	22.30
Dividend	1.00	0.06
Other non operating income	24.75	23.79
<b>TOTAL</b>	<b>32.79</b>	<b>46.15</b>
<b>EXPENDITURE</b>		
<b>21 COST OF SALES</b>		
Cost of sales - Land & Sheds Less Cost of Returns	2.50	75.33
Cost of sales - Lease	74.05	0.53
Infra expenditure on Concessional Allotments	1.26	25.90
Cost of sales - Houses/ Buildings	0.00	0.00
<b>TOTAL</b>	<b>77.81</b>	<b>101.76</b>
<b>22 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Allowances	41.30	35.10
Contribution towards Provident and other Funds	2.32	2.92
Contribution to Group Gratuity Premium	0.00	0.00
Staff Welfare Expenses	0.79	1.11
<b>TOTAL</b>	<b>44.41</b>	<b>39.13</b>

**22.1** Salaries and Allowances includes managerial remuneration

**22.2** The Company is holding a policy with Life Insurance Corporation of India for payment of Gratuity to the employees retired on attaining the age of super annuation or expired during the service for which the company pays annual premium to LIC of India which is charged off in the accounts.

Further, the Government of India vide Notification No.1283, dated 29.03.2018 issued orders that the amount of gratuity payable to an employee under the said act shall not exceed Twenty lakh rupees. The corporation has considered payment of gratuity as per the provisions of the Payment of Gratuity Act since inception. During the F.Y 2018-19, an amount of Rs.4.97 crore was provided in the books of accounts towards additional liability towards enhancement of Gratuity from Rs. 0.10 crore to Rs.0.20 crore. The same is retained in the books of accounts till the end of the year.

	For the year 2021-22 Rs. in crores	For the year 2020-21 Rs. in crores
<b>23 Managerial Remuneration to Directors</b>		
Salaries and Allowances	0.40	0.85
Medical Expenses	0.02	0.00
Rent	0.10	0.06
<b>TOTAL</b>	<b>0.52</b>	<b>0.91</b>
	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>24 OTHER EXPENSES</b>		
(a) Rebate to allottees on Land Cost	4.58	30.31
(b) Repairs and Maintainance	0.91	0.45
(c) Expenditure on ERP & Others	1.78	0.97
(d) Infrastructure Expenditure on IT Industrial Promotion	7.64	8.82
<b>(e) ADMINISTRATION &amp; GENERAL EXPENSES</b>		
Travelling Expenses	0.52	0.51
Rent	0.21	0.10
Rates and taxes	0.47	0.01
Vehicle maintenance	4.24	3.32
Electricity charges	4.62	4.18
Water charges	20.02	17.70
R&M - Estates, Preliminary Land Survey Etc.,	5.66	14.06
Insurance	0.05	0.04

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
Interest expenses	17.30	0.20
Security Service - Establishment Expenses	10.80	9.21
Professional & Retainer Charges	19.33	5.37
Expenditure on Social Welfare	0.22	0.20
Provision for Bad and Doubtful Debts	5.51	18.52
Other expenses	17.38	9.42
<b>Sub-Total</b>	<b>106.33</b>	<b>82.84</b>
<b>TOTAL (a + b + c + d + e)</b>	<b>121.24</b>	<b>123.39</b>

**24.1 Other Administrative expenses includes the following auditors' remuneration:**

	(Rs.in Lakhs) As at 31-3-2022	(Rs.in Lakhs) As at 31-3-2021
Statutory Audit fee	0.03	0.03
Out of pocket expenses	0.01	0.01
Fee for Audit of Consolidation of Accounts	0.01	0.01
Others (Rs. 30,000/-)	0.00	0.00
<b>Total</b>	<b>0.05</b>	<b>0.05</b>

**24.2** Outstanding provision in respect of expenditure is made excluding GST component as input tax credit will be claimed at a later date as per the provisions of GST Act.

**24.3** No provision was made in the Books of Accounts during the year and previous year towards Payment of Interest on GST duly adjusting the Input Tax Credit to the Output GST as per the company's calculations which will be finalised on completion of GST Audit and filing of GST Annual Return for the F.Y 2021-22.

**24.4** As per section 135 of the Companies Act, 2013, the company is required to spend an amount of Rs. 0.74 crores during the year (P.Y - Rs.0.68 crores) towards expenditure on Corporate Social Responsibility. Accordingly, during the year an amount of Rs.0.22 crore (P.Y - Rs.0.20 crore) was spent towards Corporate Social Responsibility for Construction of waiting room, Compound Wall & shelter in burial Ground (Rs.0.15 crores) and Supply of medical infrastructure requirements to COVID patients in nagari Assembly constituency (Rs.0.07 crores)

The amount of shortfall at the end of the year out of the amount required to be spent by the company during the year is Rs.0.52 crores (P.Y-Rs.0.48 Crores)

**25 Demerger Scheme:**

The business of the company was reorganised and segregated into Andhra region and Telangana region as per the provisions of the AP Reorganisation Act, 2014, w.e.f 02.06.2014 consequent to bifurcation of the erstwhile state of Andhra Pradesh. A new company namely TSIIC Limited was incorporated on 04.09.2014 under the Companies Act, 2013 and took over the Telangana Division of APIIC w.e.f 02.06.2014.

The company prepared demerger scheme as per the provisions of AP Regorganisation Act, 2014 and the same was approved by the joint Board represented by the Govt. of Andhra Pradesh and Telangana in its 199th meeting held on 02.05.2014 and 202nd meeting held on 26.03.2015 duly authorising the Vice Chairman and Managing Directors of both AP and TS Divisions to make necessary modifications. The same was reviewed and approved by the expert committee constituted by the Government for the purpose and was sent to both the Governments for approval vide its letter dated 16.05.2015.

The Board of APIIC further authorised the Vice Chairman and Managing Director of both the divisions to finalise the modalities and allocation of employees in its 202nd meeting held on 26.03.2015. Accordingly, final allocation of employees to APIIC Limited and TSIIC Limited was made which is subject to scrutiny and approval of the committee appointed/ guidelines issued if any by the Central Government for allocation of employees of PSUs. The assignment of division of employees was entrusted to the expert committee vide G.O. Rt. No. 2066, Dt: 26.09.2016.

The orders on approval of the Demerger Scheme is yet to be issued by the Government (s). Pending issue of orders from both the Governments, the assets, liabilities, employees and proceedings of Telangana were transferred and vested with TSIIC Limited. The Accounts were prepared considering the demerger scheme approved by the expert committee and necessary entries were made in the books of accounts accordingly. The entries made are subject to review, reconciliation and modification.

The Assets and Liabilities pertaining to operational units were apportioned on location basis and pertaining to Head Quarters were apportioned on population basis. Investments are apportioned on location basis where the projects are located in a specific region and in case of projects having multiple units falling within the territories of states of Andhra Pradesh and Telangana on population basis.

Book value of total assets of Rs. 3,734.90 crores and liabilities of Rs. 3,509.31 crores as on 01.06.2014 were transferred and vested with Telangana region i.e., TSIIC Limited as a part of bifurcation of the state, the details of which are mentioned below. As per the Demerger Scheme, an amount of Rs. 225.60 crores is receivable from TSIIC Limited which is shown under AP Reorganisation adjustment A/c.

<b>EQUITY AND LIABILITIES</b>	<b>(Rs. In crores)</b>
1. Share Capital:	6.81
2. Reserves and Surplus:	203.09
3. Long term borrowings:	24.29
4. Other Long term liabilities:	246.42
5. Long term provisions:	5.09
6. Trade Payables:	0.58
7. Other current liabilities:	2,778.95
8. Short term Provisions:	244.07
9. AP Reorganisation adj. account:	225.60
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,734.90</b>

<b>ASSETS</b>	<b>(Rs. In crores)</b>
1. Tangible Assets:	128.13
2. Non-current Investments:	267.36
3. Long term loans and advances:	1,744.29
4. Inventories:	1,440.59
5. Trade receivables:	18.51
6. Cash and Cash equivalents:	51.30
7. Short term loans and advances:	1.11
8. Other Current Assets:	83.61
<b>TOTAL ASSETS</b>	<b>3,734.90</b>

- 26** The Government of Andhra Pradesh entrusted certain Local Authority powers to the Company like collection of Property Tax, maintainance of Common facilities in respect of certain Industrial Parks and Industrial Development Areas. The local authority powers are vested with APIIC Industrial Area Local Authority (IALA) for each industrial area and the income and expenditure in this regard is being accounted for in the books of accounts maintained by the respective IALAs and hence not accounted for in the accounts of the Company.
- 27** Loan from RINL and NTPC are in substance guarantee by the company to RINL and NTPC on behalf of VIWSCO and Govt. of AP. There are no net cash flows in this regard.
- 28** The balances in Receivables, creditors and various advances are subject to reconciliation/confirmations and adjustments, if any. Such adjustments, in the opinion of the management, are not likely to be material and will be carried out as and when ascertained.
- 29** Previous year's figures have been regrouped/ reclassified / rearranged wherever necessary and have been rounded off to crores.

AS PER OUR REPORT EVEN DATE  
for POLINENI ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 006132S

Sd/-  
M V S R PRASAD  
PARTNER  
M. NO.: 029076

PLACE : MANGALAGIRI  
DATE : 27.12.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-  
SRIJANA GUMMALLA, IAS  
VICE CHAIRMAN &  
MANAGING DIRECTOR  
DIN:08500020

Sd/-  
M GOVINDA REDDY  
CHAIRMAN  
DIN:01216133

Sd/-  
M SIVA S REDDY  
COMPANY SECRETARY  
M.No. F9078

Sd/-  
P V SUBBA REDDY  
CHIEF GENERAL MANAGER (F)i/c  
DATE : 27.12.2022



# ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(Rs. in Crores)

Particulars	Current Year (2021-22)	Previous Year (2020-21)
<b>Cash flows from operating activities:</b>		
Net profit before taxation and exceptional items	34.31	40.69
<b>Add: Adjustments for:</b>		
Depreciation and amortisation	5.67	5.35
Dividend Income	(1.00)	(0.06)
Interest Expenses	0.00	0.00
Profit / loss on sale of fixed assets	0.00	0.00
<b>Operating profit before working capital changes</b>	<b>38.98</b>	<b>45.98</b>
<b>Add: Adjustments for:</b>		
Inventories	(228.98)	(142.71)
Trade receivables	99.40	54.99
Other current and non current assets	52.18	(216.31)
Loans and advances	(32.31)	(256.70)
Payables, liabilities and provisions	178.90	(143.22)
<b>Net Cash Flow from operating activity before Income tax</b>	<b>108.17</b>	<b>(657.97)</b>
Add: Income tax paid	(8.00)	(23.65)
<b>Net Cash Flow from operating activities before exceptional items</b>	<b>100.17</b>	<b>(681.62)</b>
Add: Exceptional item	0.00	0.00
<b>Net Cash Flow from operating activities (I)</b>	<b>100.17</b>	<b>(681.62)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of fixed assets	(5.01)	(17.07)
Purchase of investments	(30.00)	(2.76)
Dividend income	1.00	0.06
Sale of fixed assets	0.00	0.00
<b>Net cash flow from investing activities (II)</b>	<b>(34.01)</b>	<b>(19.77)</b>
<b>Cash flow from financing activities:</b>		
Proceeds from issuance of share capital	0.00	0.00
Proceeds from long term borrowings	0.00	0.00
Interest paid on long term borrowings	0.00	0.00
<b>Net cash flow from financing activities (I + II + III)</b>	<b>0.00</b>	<b>0.00</b>
<b>Net increase in cash and cash equivalents</b>	<b>66.16</b>	<b>(701.39)</b>
Cash and cash equivalents at the beginning of the year	137.02	838.41
Cash and cash equivalents at the end of the year	203.18	137.02
<b>This is the Cash flow statement referred to in our report</b>		

AS PER OUR REPORT EVEN DATE

for POLINENI ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 0061325

Sd/-  
M V S R PRASAD  
PARTNER  
M. NO.: 029076

PLACE : MANGALAGIRI  
DATE : 27.12.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-  
SRIJANA GUMMALLA, IAS  
VICE CHAIRMAN &  
MANAGING DIRECTOR  
DIN:08500020

Sd/-  
M SIVA S REDDY  
COMPANY SECRETARY  
M.No. F9078

Sd/-  
M GOVINDA REDDY  
CHAIRMAN  
DIN:01216133

Sd/-  
P V SUBBA REDDY  
CHIEF GENERAL MANAGER (F)/c  
DATE : 27.12.2022



## Independent Auditor's Report

To

The Members of

**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**

Mangalagiri.

### I. Report on the Audit of the Standalone IND AS Financial Statements

#### 1. Qualified Opinion

A. We have audited the accompanying Standalone Ind AS Financial Statements of ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED (the "Corporation"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended on that date and notes to the Standalone Ind AS Financial Statements, including a summary of the significant accounting policies and other explanatory information.

B. In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Ind AS of the State of affairs(Financial Position) of the Corporation as at 31 March 2022, and its Profit(Financial Performance including Other Comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

#### 2. Basis for Qualified Opinion

A. We conducted our audit in accordance with the Standard 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 Standalone Ind AS Financial Statements section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 qualified opinion on the Standalone Ind AS Financial Statements.

B. We draw attention to the matters described below and the effects/ possible effects of those matters could not be reasonably determined/quantified, on the elements of accompanying Standalone Ind AS Financial Statements.

a) **Equity Share Capital:** Current year amount of Rs. 9.52 Crores (Previous Year Rs.9.52 Crores)

The Equity Share Capital of Rs.9.52 Crores (Previous Year Rs. 9.52 Crores) is subject to reconciliation with the Government of Andhra Pradesh (**Refer Note No: 11**)

b) **Other Equity:** Capital Reserve: Current Year Rs.7.58 Crores (Previous Year Rs. 7.58 Crores)

An amount of Rs.7.58 Crores received from the Government of Andhra Pradesh as Share Capital vide G.O Nos 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999 and 224 dated 28.05.2002 pending for many years is classified as Capital Reserve. In our opinion, this needs to be classified as share capital pending allotment (Refer to Statement of changes in equity)

c) **Deposits Received from allottees:** Current year Rs1388.91 Crores (Previous Year Rs. 1439.62 Crores)

This includes unreconciled amounts with Head office and Zonal offices which are yet to be reconciled (**Refer Note No: 17**)

S.No.	Name of the Zone	Rs. in crores
	Head office	11.01
	Vijayawada	61.16
	<b>TOTAL</b>	<b>72.17</b>

**d) Non-Conformity of Indian Accounting Standards 115**

**Revenue Recognition—Sale of Land, Sheds etc. less Sales Returns Rs. 67.37 Crores (Previous Year Rs. 204.76 Crores): (Refer Note No. 2.10 read with Note No. 19)**

Under Ind AS 115, Revenue Income Recognition is on Five Step Model as gisted hereunder:

**1. Identify the contracts with the customers**

An entity shall account for a contract with a customer only when all of the following criteria are met -

- the contract is approved and parties are committed to perform their respective obligation,
- entity can identify each party's rights regarding the goods or services to be transferred,
- entity can identify the payment terms for the goods or services to be transferred,
- the contract has commercial substance,
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

**2. Identifying separate performance obligations**

Identify as a Performance obligation being a promise to transfer to a customer -

- A good or service (or bundle of goods or services) that is distinct or
- A series of goods or services that are substantially the same and are transferred in the same way
- If a promise to transfer a good or service is not distinct from other goods & services in a contract, then the goods or services are combined into a single performance obligation.

Satisfaction of performance obligations

- An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset

**3. Determine the Transaction Price**

- The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.
- For the purpose of determining transaction price, an entity shall assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified.

**4. Allocate the transaction price to the performance obligations**

- The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation (or distinct goods or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.
- Allocation of transaction price can be done proportionately based on stand-alone selling prices. The stand-alone selling price is the price at which an entity would sell a promised good or service separately to a customer

**5. Revenue Recognition when performance obligations are satisfied**

- Performance obligation is satisfied over time or at a point in time.
- Performance obligation is satisfied over time if one of the criteria is met out of three:
  - ✓ The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
  - ✓ The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or
  - ✓ The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.
- Based on above the Revenue Recognition for a performance obligation is done over time if one of the criteria is met out of three else Revenue Recognition for a performance obligation is done at a point in time.

**Satisfaction of performance obligations:** An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

For each performance obligation identified, determine at contract inception whether it satisfies the performance obligation over time or at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.



**Thus, Revenue is to be recognized basis the Steps indicated in the Ind AS 115 as above.**

**Refer Accounting Policy No. 2.1:** The Corporation recognized revenue with regard to Sale of land, shed and buildings on execution of sale agreement and handing over physical possession of the premises. With respect of sale of land, the completion of contractual performance obligations is treated as satisfied over period of time as per IND AS 115.

***Our Audit Qualification:***

- (A) The Corporation recognized revenue as per Ind AS 115 basis ‘satisfied over period of time’. In such an event the disclosures as to the computation and components are required to be furnished in the ‘notes to accounts’ for arriving at the amounts disclosed as Sales. The Corporation has not furnished the workings in that regard.
- (B) Pursuant to Ind AS 115, to adopt the criteria of recognizing income basing on ‘Performance Obligation satisfied over period of time’ Vis-à-vis ‘at a point in time’, the following should be evaluated:

*In our opinion, under circumstances of Para 35 to Ind AS 115, Performance Obligation is not satisfied over time.*

- a. The reason is that the customer is not simultaneously receiving and consuming the benefit provided by corporation as the corporation perform them.

*i.e., the part completed / constructed real estate unit is not consumed immediately / simultaneously as work progresses*

- b. Further the corporation performance is not creating/enhancing an Asset that the customer controls as the Asset is created/enhanced.

*Although the customer can resell or pledge its right, it is unable to sell without holding legal title to it*

*Customer has no ability to direct the construction or structural design*

*Assuming that customer has legal right to replace (infact, this is not the case here at all the Corporation only if Corporation fails to perform as promised, (protective but no control)*

*Exposure to changes in market value of real estate may indicate that customer has ability to obtain all of the remaining benefits from the unit. However, it does not give ability to direct the use of unit as created.*

- c. Further the corporation performance is creating an Asset with alternative use to the corporation and the corporation has enforceable right to payment for performance completed to the date.

The Corporation cannot change or substitute the unit specified in the contract with the customer. The customer can enforce its right if the Corporation sought to direct the asset for another use as long as the customer holds to the observance of the covenants.

However, Corporation does not have enforceable right to payment for the performance completed to date (except for certain recoveries) as the customer has the legal right to cancel the contract with right to refund and/or in the event of default on the part of the Customer, the Corporation has right to termination and forfeiture or recovery of penalty, etc compensations which of them cannot compensate the Corporation for the performance completed till date.

(Hence, it may be concluded under the facts that though, Corporation does not have enforceable right to payment for the performance completed to date as the customer has the legal right to cancel the contract and termination penalty cannot compensate the Corporation for the performance completed till date)

- d. In view of non-satisfaction of Para 35 of Ind AS 115 (i.e., Discussion at (a) to (c) above) that the criteria remaining to be applied is Para 38 and the revenue recognition is based on Performance Obligation satisfying at a point in time.
- e. If a performance obligation is not satisfied overtime, an entity/Corporation satisfies the performance obligation at a point in time. [Para 38 (a) to 38 (e) of Ind AS 115]

*Indicators are as under :*

- i. The entity/Corporation has present right to payment for the asset*
  - ii. The customer has legal title to the asset*
  - iii. The entity has transferred physical possession of the asset*
  - iv. The customer has the significant risks and rewards of ownership of the asset i.e, execution of sale deed in favour of customer*
  - v. The customer has accepted the asset*
- f. Basis, the discussion at para (e) above, Revenue can be recognised at a point in time, after the event at para (e)(ii) above, i.e., upon execution of the Registered Sale Deed in favour of the customer.

As the Corporation has not arrived the income recognition based on above evaluation i.e, ‘satisfied at a point in time, and in the light of the foregoing, the corporation has not adhered to Ind AS-115 “Revenue From Contracts With Customers” while adapting the Revenue recognition policy.

Hence, in view of the above, we are not in a position to comment on accuracy of the income recognition and its impact on Profit and loss account and Balance sheet.

**e) Non-Conformity of Indian Accounting Standards 116  
Revenue Recognition–**

- Revenue from Lease of Land (Non-SEZ) Rs. 80.75 Crores (Previous Year Rs. 0.38 Crores): (Refer Note No. 2.10 read with Note No. 19)**
- Interest, Lease, Other Rental Income Rs. 30.85 Crores (Previous Year Rs.12.35 Crores) [Includes Interest on Others Rs 2.33 Crores (Previous Year is Debit Balance i.e., (-) Rs 10.33 Crs): (Refer Note No. 2.10 read with Note No. 19)**

Under Ind AS 116, with respect to the Finance Leases, the Revenue Recognition and measurement is as gisted hereunder (as contained in Pars 67 to 70 of the Ind AS 116, extracted):

Recognition and measurement

67. At the commencement date, a lessor shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease. Initial measurement
68. The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease....
69. Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease; there is no need to add them separately.

Initial measurement of the lease payments included in the net investment in the lease

70. At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:
  - a) Fixed payments (including in-substance fixed payments as described in paragraph B42), less any lease incentives payable;
  - b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
  - c) any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
  - d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option (assessed considering the factors described in paragraph B37); and
  - e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease”

Under Ind AS 116, with respect to the Finance Leases and/or operating leases, the Disclosure requirements is as gisted hereunder (as contained in Pars 89 to 97 of the Ind AS 116, extracted):

### **Disclosure**

89. The objective of the disclosures is for lessors to disclose information in the notes that, together with the information provided in the balance sheet, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessor. Paragraphs 90–97 specify requirements on how to meet this objective.
90. A lessor shall disclose the following amounts for the reporting period:
- (a) for finance leases:
    - i. Selling profit or loss;
    - ii. Finance income on the net investment in the lease; and
    - iii. Income relating to variable lease payments not included in the measurement of the net investment in the lease.
  - (b) For operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.
91. A lessor shall provide the disclosures specified in paragraph 90 in a tabular format, unless another format is more appropriate.
92. A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 89. This additional information includes, but is not limited to, information that helps users of financial statements to assess:
- (a) The nature of the lessor's leasing activities; and
  - (b) How the lessor manages the risk associated with any rights it retains in underlying assets. In particular, a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.

### **Finance leases**

93. A lessor shall provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.
94. A lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessor shall reconcile the undiscounted lease payments to the net investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value.

### **Operating leases**

95. For items of property, plant and equipment subject to an operating lease, a lessor shall apply the disclosure requirements of Ind AS 16. In applying the disclosure requirements in Ind AS 16, a lessor shall disaggregate each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, a lessor shall provide the disclosures required by Ind AS 16 for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor.
96. A lessor shall apply the disclosure requirements in Ind AS 36, Ind AS 38, Ind AS 40 and Ind AS 41 for assets subject to operating leases.
97. A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.”

**Thus, Revenue is to be recognized, measured and disclosed basis the Ind AS 116 as above.**

**Refer Accounting Policy No. 2.1:**

Treatment of lease allotments and revenue recognition:

- A) Lease allotments are treated in the following manner:
- B) The allotments made on Lease basis with buyout option is treated as Finance Lease.  
All other Allotments including SEZs without buyout option is treated as Operating Lease.

Revenue recognition in respect of Lease allotments:

- A) Non-Lease Component i.e., Infrastructure development is recognized as revenue in the year in which lease deeds are executed or in the year in which the expenditure is incurred whichever is later
- B) Lease Component i.e., Land portion is recognized as revenue duly amortising over the lease term

**Our Audit Qualification:**

**The Corporation has adopted Ind AS 116 for the First time in the current year i.e, Financial year 2021-22**

- A) At the commencement date, the Corporation has not recognised assets held under finance lease in its balance sheet and did not present the same as receivables at an amount equal to the net investment in lease in accordance with Ind AS 116.
- B) The Corporation had not provided the workings and disclosures in respect of Finance Lease in accordance with Ind AS 116 either in a tabular format, or in another format that will be more appropriate than the tabular format
- C) Disclosures on Operating Leases: The Corporation in the status of Lessor in case of operating leases required to disclose maturity analysis of future minimum lease rental receivables in respect of non-cancellable operating leases along with description about the broad identification of leased assets and their range of lease tenures as well as the amount of total contingent rents recognized as leases as at the year end. This is in accordance with Ind AS 116 disclosure requirements. The Corporation has not disclosed the said information as required by the Ind AS 116.

Hence, in view of the above, we are not in a position to comment on accuracy of the income recognition and its impact on Profit and loss account and Balance sheet.

**f) APIIC Food Park (Krishna District) Limited:**

An amount of Rs. 1,00,000/- made towards investment in APIIC Food Park (Krishna District) Limited shown as "Deposit towards share application money" under Note: 5.1(B) (Financial Accounts (Non – Current Assets)). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per clause "a" subsection 4 of section 56 of the Companies Act, 2013). If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of twelve percent per annum from the expiry of sixtieth day (As per sub section 6 of section 42 of the Companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.

**g) Tirupati Electronics Manufacturing Cluster Limited (EMC-II):**

An amount of Rs. 10,00,000/- made towards investment in Tirupati Electronics Manufacturing Cluster Limited shown as "Deposit towards share application money" under Note: 5.1(B) (Financial Accounts (Non – Current Assets)). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per clause "a" subsection 4 of section 56 of the Companies Act, 2013). If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of twelve percent per annum from the expiry of sixtieth day (As per sub section 6 of section 42 of the Companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.

**3. Emphasis of Matter:**

We draw attention to the following matters in the Notes to the Ind AS Financial Statements:

**1) Non-Confirmation of Balances:**

Attention is drawn to Note No.28 to the Standalone Financial Statements, in respect of Receivables, Creditors and various advances (Note No.'s: 8.1 & 16.2) wherein external confirmations of the balances are not available and thus not reconciled. Due to non-availability of confirmation of balances, we are unable to quantify the impact, if any, arising from the confirmation of balances.



## 2) **GST Liability:**

Attention is drawn to Note No.24.3 which states the information submitted in GST returns for the year are yet to be co-related with the books of Account. The amount of interest payable if any could not be quantified.

The consequential impact of the above matters is known only when the issues are resolved.

## 3) **Finalisation and approval of accounts for the year 2021-22 pending adoption of accounts of the Previous Year by the shareholders in the AGM**

Pending adoption of the accounts of the previous financial year, the Corporation has finalised and approved the accounts for the FY 2021-22 to clear the arrears in accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

## 4) **Treatment of transactions pertaining to Industrial Area Local Authority:**

As per the information and explanation given to us, the guidelines for the functioning of Industrial Area Local Authorities (IALAs) states that IALAs will be exercising the functions of a Municipal Corporation/Municipality/Gram Panchayat with a condition that 35% or 50% of property tax collected is remitted to the parent local body. Zonal Manager is responsible for proper reconciliation and accounting of the revenues generated by IALA and the expenditure incurred. Accordingly, IALAs are preparing their Income and Expenditure accounts separately.

Further, a reference is invited to Note No: 26 of the financial statements, wherein it was stated that “The Government of Andhra Pradesh entrusted certain Local Authority powers to the Company like collection of Property Tax, maintenance of Common facilities in respect of certain Industrial Parks and Industrial Development Areas. The local authority powers are vested with APIIC Industrial Area Local Authority (IALA) for each industrial area and the income and expenditure in this regard is being accounted for in the books of accounts maintained by the respective IALAs and hence not accounted for in the accounts of the Company”.

Further as per the information and explanation given to us, the assets and liabilities, profit or losses of IALAs have not been brought into the books of account and these transactions are not clubbed/consolidated in the Financial Statements. **(Refer Note No: 26).**

## 5) **Non-availability of Share Certificates:**

A reference is invited to Note No. 5.1 in the ‘Notes to standalone Financial Statements’ wherein the investments of the Company in equity shares of other companies was disclosed. During verification of the respective certificates, it was observed that the certificates in respect of the following Companies were not available.

S.No.	Name of the Company	Nature of investment/ No. of Shares – AP State portion (after apportioning the total shares between AP and Telangana in population ratio)	Percentage of holding	Amount of investment (Rs.in crores)
	Hyderabad Information Technology Venture Enterprises Ltd.	Equity Shares – 12145 Nos.	4.86 %	0.01
	Cyberabad Trustee Company (P) Ltd.	Equity Shares – 2429 Nos.	4.86 %	0.00
	Cyberabad Trustee Company (P) Ltd. HIVE Fund	Units – 449 Nos.	--	1.12

## 4. **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified Opinion Section, we have determined that there are no other key audit matters to communicate in our report.

## **5. Information other than the Standalone Ind AS Financial Statements and Auditor's Report thereon.**

- A. The Corporation's Management & Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in Director's Report and annexure but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon. The Director's Report and annexure is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- B. In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **6. Responsibility of Management and Those Charges with Governance for the Standalone Ind AS financial statements**

- A. The Corporation's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (Financial position), Profit or Loss (financial performance including other comprehensive income), cash flows and changes in equity of the Corporation in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant Rule issued thereunder.

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

- B. In preparing the Standalone Financial Statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.
- C. The Board of Directors are also responsible for overseeing the Corporation's financial reporting process.

## **7. Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

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

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

- i) Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Corporation has adequate internal financial controls system in place and the operating effectiveness of such controls
  - iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
  - v) Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- C. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- D. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- E. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## II. Report on Other Legal And Regulatory Requirements

1. As required by the Companies(Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure "A"**, a Statement on the matters specified in 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 Corporation so far as it appears from our examination of those books;
  - C. The Standalone Ind AS Balance Sheet, the Statement of Profit and Loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - D. Except for the matters described in "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued thereunder,
  - E. In accordance with Notification No. G.S. R. 463 (E) dated 5 June 2015; the requirement of section 164(2) of the Companies Act, 2013 is not applicable to Government Companies.
  - F. With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in **Annexure "B"**; and

- G. As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Corporation.
- H. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies(Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Corporation has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements as at 31.03.2022.
  - ii. The Corporation did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Corporation.
  - iv.a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company(" Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
  - b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entity, including foreign entity, with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ("Ultimate Beneficiaries") or provide any guarantee, Security or the like on behalf of the Ultimate Beneficiaries.
  - v. The Company has neither declared nor paid any dividend during the year.
- 3.a) Based on verification of books of accounts of the corporation and according to information and explanation given to us, we give a report in Annexure "C" on the Directions issued by the Comptroller and Auditor General of India in terms of Section 143(5) of the Act.
- b) Based on verification of books of accounts of the corporation and according to information and explanation given to us, we give a further report in Annexure "I" on the Sub-Directions issued by the the Office of Principal Accountant General (Audit), Andhra Pradesh in terms of Section 143(5) of the Act. The sub-directions marked as General are included along with the sub-directions related to the "Infrastructure Sector" and "Industrial Promotion" being determined by us based on our judgment as applicable to the Corporation based on nature of the business transactions of the Corporation.

For **POLINENI ASSOCIATES**

Chartered Accountants

Firm Registration Number: 006132S

Sd/-

**(M V S R Prasad),**

Partner

Membership Number: 029076

UDIN:23029076BGXTMN8635

Place: Guntur

Date: 27-12-2022

## **Annexure – “A” to the Independent Auditor’s Report**

(Referred to in Paragraph II(1) of our ‘Independent Auditor’s Report’ of even date) to the members of **M/s.ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE COPORATION LIMITED** (the “Corporation”) on the Standalone Ind AS Financial Statements of the Corporation for the year ended on 31st March 2022.

- i. a)** (A) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Corporation does not have intangible assets;

- b)** The Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c)** According to the information and explanations given to us and on the basis of records examined by us, the title deeds of the immovable properties (Other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Corporation except for the portion of the building at “Parishram Bhawan” as mentioned vide **Note No. 3.1.4** to the notes to accounts.

Description of Property	Gross Carrying Value	Held in the Name of	Whether Promoter, director or their relative or employee	Period held indicate range, where appropriate	Reasons for not being held in name of Company. (Also indicate if in dispute)
Portion of the building at “Parishram Bhawan”, Basheerbagh, Hyderabad	Rs. 1.62 Crores	APIDC	No	Does Not Arise	No Dispute. Reasons are as per para (c), above

- d)** The Corporation has not revalued any of its Property, Plant and Equipment.
- e)** According to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Corporation as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made there under.
- ii. a)** As per the information and explanation given to us, Inventories have been physically verified during the year by the management at reasonable intervals and in our opinion, the coverage and procedures of such verification by the management is appropriate and as explained to us, no discrepancies of 10% or more in the aggregate for each class of inventory were noticed by the management on such verification.
- b)** According to the information and explanation given to us and on the basis of our examination of the records of the Corporation, during any point of the time of the year, the Corporation has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets.
- iii. a)** During the year, the Corporation has made investments, provided unsecured loans or advances in the nature of loans, secured and unsecured, to Subsidiaries and Joint Ventures.

Name of the party	Relationship	Type	Amount (₹.in Crores) Outstanding as on 01.04.2021	Aggregate Amount During the year (₹.in Crores)	Amount (₹.in Crores) Outstanding as on 31.03.2022
AP Gas Infrastructure Corporation Pvt Ltd	Subsidiary	Unsecured Loan	1.98	2.04	4.02
Krishnapatnam International Leather Complex Pvt Ltd	Subsidiary	Expenses	0.22	0.00	0.22
		Unsecured Loan	23.85	0.00	23.85
		Acc. Interest on unsecured loan	5.22	0.00	5.22
Visakhapatnam Industrial Water Supply Corporation	Joint Venture	Acc. Interest on secured loan	82.76	(-) 31.26	51.50
Atchutapuram Effluent Treatment Ltd	Joint Venture	Acc. Interest	2.80	2.43	5.23
APIIC Food Park (Krishna District) Limited	100% Wholly Owned Subsidiary (Pending share allotment)	Unsecured Loan	49.99	0.06	50.05
Tirupathi Electronics Manufacturing Cluster Limited	100% Wholly Owned Subsidiary (Pending share allotment)	Unsecured Loan	139.73	1.24	140.97
NICDIT Krishnapatnam Industrial City Development Limited	Joint Venture	Investment	453.22	68.88	522.10
AP Gas Distribution Corporation Limited	Associate	Investment	5.87	30.00	35.87

- (b) As per the information and explanation given to us by the management, in respect of the investments made and the terms and conditions of the grant of such loans and advances in the nature of loans provided are not prejudicial to the company's interest;
- (c) As per the information and explanation given to us by the management, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are not regular
- (d) As per the information and explanation given to us by the management, amounts are overdue, and the total amount overdue for more than ninety days(Principal and/or Interest) are as under, and reasonable steps have been taken by the company for recovery of the principal and interest;
- Krishnapatnam International Leather Complex : Rs. 29.29 Crs
- Kondapally Effluent Treatment Limited: Rs. 0.77 Crs
- (e) As per the information and explanation given to us by the management, no loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) As per the information and explanation given to us by the management, the Corporation has granted loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. The details are as under

Rs. In crores

	All Parties	Promoters	Related Parties
Aggregate amount of loans/ advances in nature of loans			
- Repayable on demand (A)	235.00	0.00	0.00
- Agreement does not specify any terms or period of repayment (B)	443.00	0.00	200.27
Total (A+B)	678.00	0.00	200.27
Percentage of loans/ advances in nature of loans to the total loans	89.26%	0.00	26.37%

- iv. In our opinion and according to the information and explanation given to us, the Corporation has not granted any loans nor made any investments and provided guarantee and securities, in non-compliance to the provisions of Section 185 and Section 186 of the Companies Act. The corporation has not invested in not more than two layers of investment under section 186(1) of Companies Act. In our opinion; other sub-sections of section 186 of the Companies Act prescribing the limits are not applicable to the Corporation since it is Infrastructure Corporation.
- v. According to the information and explanation given to us the Corporation has not accepted any deposits from the Public during the year as per the provision of sec 73 to 76 or any other relevant provision of Companies Act and the rules framed there under. Hence Clause 3(v) of the Order is not applicable.
- vi. Maintenance of cost records has been made mandatory by the Central Government under sub-section (1) of section 148 of the Companies Act read with Companies (Cost Records and Audit) Rules, 2014 for the corporation. As informed to us, the Corporation has not maintained separate cost records and the same are being extracted from the Financial Records. We have not made detailed examination of the financial records with a view to determine they are accurate and complete in respect of cost records.
- vii. (a) According to the information and explanations given to us, and the records of the corporation examined by us, in our opinion, the Corporation is generally regular in depositing the undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, Goods & Service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities. There are no arrears of undisputed statutory dues outstanding as at March 31, 2021 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Corporation examined by us, the following are the statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

Name of the Statute	Nature of the dues	Amount (Rs. In Lakhs)	Assessment Year	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	1256.56	2014-15	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	Income Tax	1810.13	2015-16	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	Income Tax	889.48	2016-17	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	Income Tax	436.71	2017-18	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	Income Tax	104.47	2018-19	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	Income Tax	260.86	2019-20	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	TDS Defaults	6.54	2007-08 to 2020-21	TDS, Vijayawada Range

- viii There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- a) The Corporation has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon.
- b) The Corporation has not been declared a wilful defaulter by any bank or financial institution or other lender.



- c. According to the information and explanations given to us, the Corporation has raised loans from Banks to the extent of Rs 2,000 Crores during an earlier financial year i.e., financial year 2017-18 to meet land acquisition and Infrastructure development expenditure for four specified projects. However, the Corporation has spent amounts as under out of the aforesaid loans:

S.No.	Purpose for which amount was spent	F. Y. 2018-19	F. Y. 2019-20	F. Y. 2020-21	F. Y. 2021-22
1	Land Acquisition for the mandated projects	80.44	7.98	87.14	71.21
2	Infrastructure Development works in respect of M/s KIA Motors, Penugonda, Anantapur District	155.43	80.06	15.37	3.00

In addition, the Corporation deposited an amount of Rs. 1480.00 Crores out of the loans availed from the banks in the Public Deposit (PD) a/c of Corporation vide GoAP letter dated 02-01-2018 i.e, during the Financial Year 2017-18

**The amounts thus spent on KIA Motors Project, not in accordance with the terms of sanction given by the bankers and is to be considered as deviation**

- d) On an overall examination of the financial statements of the Corporation, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Corporation.
- e) On an overall examination of the financial statements of the Corporation, the Corporation has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) According to the information and explanations given to us and procedures performed by us, we report that the Corporation has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. a) According to the information and explanations given to us, the Corporation has not raised moneys by way of initial public offer or further public offer (including debt instruments) and hence reporting under clause 3(x)(a) of the Order is not applicable
- b) During the year, the Corporation has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. a) According to the information and explanations given to us, on the basis of examination of books and records of corporation, no fraud on or by the Corporation, has been noticed or reported during year.
- b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- c) As represented to us by the management, there were no whistle blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanation given to us, the Corporation is not a Nidhi Corporation. 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 Corporation, transactions with the related parties are in compliance with Sections 177 & 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed vide Note no.5.2.1 in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.
- xiv. a) In our opinion and based on our examination, the Corporation have an internal audit system at Zones commensurate with the size and nature of its business. There is no Internal audit system at the Head Office.
- b) The reports of the Internal Auditors for the period under audit were considered in our Statutory audit.
- xv. According to the information and explanations given to us and based on the examination of the records of the Corporation, the Corporation has not entered into non-cash transaction with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.



- xvi.a)** In our opinion, according to the information and explanations given to us, the Corporation is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- b)** In our opinion, according to the information and explanations given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi) (d) of the Order is not applicable.
- c)** The Corporation is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, paragraph 3(xvi) c ) and 3(vi)(d) of the order are not applicable to the company.
- xvii.** The Corporation has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii.** There has been no resignation of the statutory auditors during the year. Accordingly reporting under clause 3(xviii) of the Order is not applicable.
- xix.** According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Corporation is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Corporation. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Corporation as and when they fall due.
- xx.a)** In respect of other than ongoing projects, the Corporation has not transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;
- b)** There are no ongoing projects with respect to the Corporate Social Responsibility (CSR) and hence the reporting under Clause 3(xx)(b) of the Order is not applicable.

For **POLINENI ASSOCIATES**  
Chartered Accountants  
Firm Registration Number: 006132S

Sd/-  
**(M V S R Prasad)**  
Partner  
Membership Number: 029076  
UDIN:23029076BGXTMN8635

Place: Guntur  
Date: 27-12-2022

## **ANNEXURE- “B” TO THE INDEPENDENT AUDITOR’S REPORT**

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

(Referred to in Paragraph II (2) (F) of ‘Independent Auditor’s Report’ of our report of even date)

We have audited the Internal Financial Controls Over Financial Reporting of **M/s.ANDHRA PRADESH INDSTRUTRIAL INFRASTRUCTURE CORPORATION LIMITED** (“the Corporation”) as at 31st March 2022 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Corporation for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Corporation’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these Corporations 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 Corporation’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.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Corporation’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 ICAI. 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 Internal Financial Control 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 judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Corporation’s Internal Financial Controls System over Financial Reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Corporation’s Internal Financial Controls 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 Corporation’s Internal Financial Controls 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 Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation’s assets that could have a material effect on the Standalone Ind AS 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 misstatement 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.

## **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial over financial reporting were operating effectively as at 31st March, 2021 based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal controls stated in the guidance note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For POLINENI ASSOCIATES  
Chartered Accountants  
Firm Registration Number: 006132S

Sd/-  
**(M V S R Prasad)**  
Partner  
Membership Number: 029076  
UDIN:23029076BGXTMN8635

Place: Guntur  
Date: 27-12-2022

## **ANNEXURE “C” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in Paragraph II(3) of our ‘Independent Auditor’s Report’ of even date) to the members of **M/s. ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE COPORATION LIMITED** (“the Corporation”) on the Standalone Ind AS Financial Statements of the Corporation for the year ended on 31st March 2022.

Report under section 143(5) of the Companies Act, 2013

<b>S.No.</b>	<b>Audit Observations</b>	<b>Reply</b>
<b>1.</b>	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	In the case of the Corporation, IT Enabled Program is under the process of development. At present all the accounting transactions are not being processed through IT system.
<b>2.</b>	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ loans/ interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	There are no such cases of an existing loan or cases of waiver/write off of debts/ loans/ interest etc being made by a lender to the Corporation due to the inability of the Corporation inability to repay the loan during the year by the Corporation.
<b>3.</b>	Whether funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	As explained to us, the funds received/ receivable by the Corporation for specific schemes from Central/ State or its agencies have been properly accounted for/ utilized as per respective terms and conditions.

For POLINENI ASSOCIATES  
Chartered Accountants  
Firm Registration Number: 006132S

Sd/-  
**(M V S R Prasad)**  
Partner  
Membership Number: 029076  
UDIN:23029076BGXTMN8635

Place: Guntur  
Date: 27-12-2022

### **ANNEXURE “I” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in Paragraph II(3)(b) of our ‘Independent Auditor’s Report’ of even date) to the members of **M/s. ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED** (“the Corporation”) on the Standalone Ind AS Financial Statements of the Corporation for the year ended on 31<sup>st</sup> March 2022.

Report under section 143(5) of the Companies Act, 2013 pursuant to the sub-directions issued by the Office of Principal Accountant General (Audit), Andhra Pradesh,

<b>S.No</b>	<b>Audit Observation</b>	<b>Reply</b>
<b><u>General Sub-Directions u/s. 143(5) of the Act</u></b>		
1.	In case of works executed with the funds of Central or State government(s)/other user department(s) or their agencies, whether there is conclusive evidence that the assets created will be the assets of the PSU? If not, the accounting treatment of the funds received, utilised, returned, assets created up to and during the year (work-in- progress or completed), assets handed over to the fund-giving agency up to and during the year, assets impaired, if any, and the revenue/ commission/ cartage realised on these works, with full quantitative details may be detailed.	As explained to us by the Corporation, in case of works executed with the funds of Central or State government(s)/other user department(s) or their agencies, there is conclusive evidence that the assets created will be the assets of the PSU.
2.	Where Grants are received from Central or State government(s)/other user department(s) or their agencies, a) Where grants are taken as revenue for the year, whether the concerned orders are clear that the funds can be utilised for revenue expenditure; b)Where guarantee commission is to be paid, the quantitative details viz., amount guaranteed rate of guarantee commission, whether the commission was paid or Payable along with the details of the purpose of raising the funds with guarantee and whether the funds were utilised for the stated purpose;	As explained to us by the Corporation:  No grants are taken as revenue for the year by the Corporation.  No guarantees commission is paid/payable during the year by the Corporation.
3.	Whether any long term liability is undertaken against an asset of finite lifetime, whether there is a clear accounting policy thereon (for instance, land obtained on lease for a specified period (Whether renewable or non-renewable) but shares issued in lieu of the land lease)	As explained to us by the Corporation, no long term liability is undertaken against an asset of finite lifetime by the Corporation during the year.
4.	Whether the corresponding expenditure on which the taxes paid/ payable are accounted in the financial statement is also included appropriately.	The corresponding expenditure on which the taxes paid/ payable are accounted in the financial statements and also included appropriately.



5.	<p>Where there is a public deposit account in the name of the PSU? If yes,</p> <p>a) Where there is a public deposit account erroneously/ lapsed by the treasury, but claimed by the company as receivable/ its own funds;</p> <p>b) If any funds given by any government or agencies other than the state government were lapsed, the details of the same may be detailed;</p> <p>c) Details of the funds raised through loans (with or without government guarantee) and deposited in PD Account; Purpose of the loans And whether the purpose is initiated/ completed;</p> <p>d) Whether suitable disclosure on the restrictions or additional permission required on withdrawing the funds in PD Accounts is included or not;</p> <p>e) The quantitative details of the bills sent for clearing against the PD account balances but not cleared/ returned unpaid as on the reporting date along with age-wise analysis;</p>	<p>As explained to us by the Corporation:</p> <p>a) During the year, there is no public deposit account which is erroneously/ lapsed by the treasury and claimed by the company as receivable/its own funds.</p> <p>b) During the year, no funds are received by Corporation from any government or agencies other than the state government.</p> <p>c) During the year, no funds raised through loans (with or without government guarantee) and deposited in PD Account.</p> <p>d) No suitable disclosure on the restrictions or additional permission required on withdrawing the funds in PD Accounts is included in Notes to Accounts by the Corporation.</p> <p>e) The quantitative details of the bills sent for clearing against the PD account balances but not cleared (no bills returned unpaid) as on the reporting date and the ageing as under: Total :Rs 62.76 Crores; out of which Outstanding for more than six months and less than one year is Rs 58.40 Crores. Remaining amount of Rs 4.36 crores is outstanding for less than 6 months</p>
6.	<p>Where funds are raised by the Company And the payment of principal or Interest or both are met by the State Government or its agencies, directly or indirectly, the details and the purpose of these loans may be stated along with the fact whether the funds were utilised for the stated purpose</p>	<p>In the case of funds raised by the Company in earlier years, the payment of principal and Interest are met by the State Government through Public Deposit Account of the Corporation upto the Financial year 2021-22.</p> <p>The details and the purpose and utilisation particulars are as per Note No. 12.1.2 of the Notes to Accounts read with our Audit Report at Annexure – A, Para ix(c).</p>
7.	<p>Whether the land owned by the Company is encroached, under litigation, not put to use or declared surplus. Details may be provided.</p>	<p>As per the Information and explanations provided by the Management, no land owned by the Corporation (Classified under ‘Plant, Property and Equipment’) is encroached, or under litigation; or, remained not put to use or declared surplus.</p>
8.	<p>Whether the inventory has been taken on the basis of physical verification after adjustment of shortage/ excess found and whether due consideration has been given for deterioration/ obsolescence in the quality which may result into overvaluation of stock?</p>	<p>As per the Information and explanations provided by the Management, in the case of the inventory other than land, the same has been taken on physical verification after adjustment of shortage/ excess found and after due consideration for deterioration/ obsolescence in the quality.</p>



9.	Whether the cost incurred on abandoned projects has been written off?	As per the Information and explanations provided by the Management, there are no abandoned projects during the year.
10.	Cases of wrong accounting of interest earned on account of non- utilization of amounts received for certain projects/ schedules may be reported.	As per the Information and explanations provided by the Management, there are no cases of wrong accounting of interest earned on account of non- utilization of amounts received for certain projects/ schedules.
11.	Whether the bifurcation plan (between Andhra Pradesh & Telangana States), if any, for the Company is finalised and approved; Whether the accounting treatment as per the plan and the suitable detailed disclosures are given. Deviations may be stated.	As per the Information and explanations provided by the Management, the bifurcation plan (between Andhra Pradesh & Telangana States), for the Corporation is finalised and approved by the expert committee, and pending approval with the Government/s. The accounting treatment of the Corporation is as per the above approved plan and suitable detailed disclosures are given at Note No. 25 of Notes to Accounts.No Deviations are found.
<b><u>Infrastructure Sector Specific Sub-Directions u/s. 143(5) of the Act as applicable to the Corporation</u></b>		
1.	Whether the Company has taken adequate measures to prevent encroachment of idle land owned by it. Whether any land of the Company is encroached, under litigation, not put to use or declared surplus? Details may be provided.	As per the Information and explanations provided by the Management, the Corporation has taken adequate measures to prevent encroachment of idle land owned by it. (Classified under 'Inventory')  We are unable to determine whether any land of the Company is encroached, under litigation, not put to use or declared surplus.
2.	Whether the system in vogue for identification of projects to be taken up under public private partnership is in line with the guidelines / policies of the Government? Comment on deviation if any.	As per the Information and explanations provided by the Management, there is system in vogue for identification of projects to be taken up under public private partnership is in line with the guidelines / policies of the Government. As per the Information an there are no deviations in this regard.
3.	Whether system for monitoring the execution of works vis-à-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues / losses from contracts, etc., have been properly accounted for in the books.	As per the Information and explanations provided by the Management, a system for monitoring the execution of works vis-à-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues / losses from contracts, etc., have been properly accounted for in the books.
4.	Whether the bank guarantees have been revalidated in time?	As per the Information and explanations provided by the Management, bank guarantees have been revalidated in time
5.	The cost incurred on abandoned projects may be quantified and the amount actually written -off shall be mentioned.	As per the Information and explanations provided by the Management, there are no abandoned projects during the year.

**Industrial Promotion Specific Sub-Directions u/s. 143(5) of the Act as applicable to the Corporation**

1.	Describe the deviations from the system of payment for land acquisition including compensation under Resettlement & Rehabilitation of the State Government Cases of land disputes should be mentioned.	As per the Information and explanations provided by the Management, there are no deviations from the system of payment for land acquisition including compensation under Resettlement & Rehabilitation of the State Government Cases of land disputes.
2.	Is the system of sanction, disbursement and recovery of industrial loan effective? State the cases of deviations from rules, regulations and policies in regard to rescheduling, waiver of loans/ interest and One Time Settlement schemes etc.	As per the Information and explanations provided by the Management, no industrial loans are extended by the corporation.
3.	Examine and state the system of allotment of industrial plots sheds including recovery of instalment from the allottees. What is the system of imposing penalty due to delay in setting up of business or starting business other than the one for which the allotment was made	As per the Information and explanations provided by the Management, the corporation frames Allotment Regulations from time to time based on the state Industrial Promotion Policy. The allotments, recovery of instalments and imposing penalties will be done as per the Allotment Regulations.
4.	The system of managing the default cases shall be examined. Have all steps to remedy the situation taken within the prescribed time limits? The cases of non-compliance to established system shall be detailed.	As per the Information and explanations provided by the Management, all steps to remedy the situation is taken within the prescribed time limits as per the Allotment Regulations
5.	Examine and provide the details of liability, if any, on account of delay in handing over of any project to allottees and its consequent accounting.	As per the Information and explanations provided by the Management, during the year, no liability incurred on account of delay in handing over of the projects to allottees.
6.	State the cases where loans/ funds received from Central/ State Government or its agencies have been diverted from the purpose for which these were received.	<p>As per the Information and explanations provided by the Management, no loans received by the corporation from the Central/ State Government or its agencies.</p> <p>Further as per the Information and explanations provided by the Management, loans received by the corporation from the Central/ State Government or its agencies have not been diverted from the purpose for which these were received.</p>

For POLINENI ASSOCIATES  
Chartered Accountants  
Firm Registration Number: 006132S

Sd/-  
(M V S R Prasad)  
Partner  
Membership Number: 029076  
UDIN:23029076BGXTMN8635  
Place: Guntur Date: 27-12-2022

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of financial statements of M/s. Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2022 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 Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27.12.2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Standalone financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2022 under Section 143(6)(a) of the Act. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my Supplementary Audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

**A. Comments on Profitability**

**Statement of Profit and Loss**

**Revenue from operations (Note-19): ₹250.65 crore**

1. The above includes ₹2.31 crore towards accounting of income from the sale of land to a private party based on a sale agreement made on 19.09.2020. This accounting treatment was found contrary to the Company's Significant Accounting Policy on revenue recognition disclosed at 2.10, which stipulated that 'the income from the sale of land, sheds and buildings is recognised on execution of sale agreement and handing over physical possession of the premises'. Though the sale agreement was made during 2020-21, the income was recognised in 2021-22. This resulted in overstatement of revenue from operations by ₹2.31 crore, cost of sales by ₹1.50 crore and profit for the year by ₹0.61 crore.



**Other Income (Note-20): ₹32.79 crore**

2. The above does not include ₹136.34 crore (Previous Year: ₹82.32 crore) being the amount received from Government towards interest amount on the amount deposited (₹1480 crore in 2017-18 and ₹450 crore in 2020-21) in PD Account<sup>1</sup> with State Government treasury, where interest-bearing loans availed from the commercial banks were deposited in PD Account. As on 31 March 2022, total ₹524.60 crore (including ₹136.34 crore for 2021-22) was released by the Government into the PD Account towards servicing the interest on the loans availed from the Banks and the same amount was directly paid from the PD Account to Banks towards interest on loans. *The Company did not account for the above transactions in the books of account, resultantly both interest amounts received from the Government and payments to the Banks were not forming part of the Financial Statements.* This is found deviating from provisions of Ind AS-1, which states that an entity shall not offset income and expenses unless required or permitted by an Ind AS and Section 128 (1) of the Companies Act, 2013, which prescribes that all sums received and expended by a company should be recorded in books of account. Thus, violation of the provision of the Act and applicable Ind AS resulted in understatement of Other income and Finance cost by ₹136.34 crore each.

**Other expenses (Note-24): ₹121.24 Crore**

3. The above does not include ₹4.61 crore towards interest expense on refund of a deposit to a private party. As per the order dated 29.11.2021 of the Hon'ble Supreme Court, the Company and TSIIC were directed to refund the deposit (May 2007) to the party along with interest thereon in the ratio of 58.32:41.68. Since such interest expense does not form part of the cost incurred in bringing the inventories to their present location and condition, the same should have been recognised as expense as per provisions of Ind AS-2 (Inventories) instead of treating as the acquisition cost of land (stock in trade) under Inventories. Thus, wrong accounting treatment resulted in overstatement of Inventories and understatement of Other Expenses by ₹4.61 crore each with corresponding overstatement of Profit for the year by ₹4.61 crore.

4. During the year, ₹36.73 crore was deposited with the Court as per the orders dated 09.03.2022. Out of ₹36.73 crore, ₹17.28 crore was recognised as interest expense and ₹19.45 crore was adjusted against liabilities/payables (Miscellaneous deposits-works) instead of accounting for the entire amount as deposit with Court pending the final judgment and disclosing the facts of the case (including the status) in the notes to the Financial Statements. Thus, incorrect treatment resulted in overstatement of Other Expenses by ₹17.28 crore, understatement of Other Non-current liability (Note-15) by ₹19.45 crore, and understatement of Other Current assets (Note-9) by ₹36.73 crore. This also resulted in an understatement of the Profit for the year by ₹17.28 crore.

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<sup>1</sup>Out of a loan amount of ₹2000 crore availed by the Company from three commercial banks against the Government guarantees, ₹1480 crore was deposited in PD Account of APIIC with State Government Treasury during 2017-18. In addition, ₹450 crore was also deposited in the PD account during 2020-21.

## **B. Comments on Financial position**

### **Balance sheet**

#### **Assets**

#### **Non-Current Assets**

#### **Financial Assets**

#### **Others (Note-5.3): ₹1586.17 crore**

5. The above includes Personal Deposit (PD) Account balance of ₹1498.65 crore, which was borrowed from the Banks. Since the PD account balance is of the nature of current assets, the same should have been disclosed under 'Other Current Assets' separately from 'Cash and Cash equivalents' and 'Bank balances. Thus, wrong classification resulted in overstatement of Financial Assets-Others (Non-Current) and understatement of Other Current Assets (Note-9) by ₹1498.65 crore each. Further, the amount borrowed from the Banks against Government Guarantee was deposited in the PD Account as per the instructions of the State Government, the amount receivable from State Government (including interest) should have been reconciled and disclosed thereunder.

#### **Current assets**

#### **Financial assets**

#### **Cash and Bank Balances (Note-8.2): ₹203.18 crore**

6. The above includes ₹142.35 crore being the 'Bank balances other than cash and cash equivalents' (including ₹0.84 crore towards 'Securities against guarantees') which should have been disclosed on the face of Balance Sheet as a separate line item below 'Cash and cash equivalents' as required by provisions of Division-II of Schedule-III to the Companies Act, 2013. Thus, wrong classification resulted in overstatement of 'Cash and cash equivalent' and understatement of 'Bank balances other than cash and cash equivalent' by ₹142.35 crore.

#### **Equity and Liabilities**

#### **Non-Current Liabilities**

#### **Other Non-Current Liabilities (Note-15): ₹2197.60 crore**

7. The above does not include ₹574.61 crore due to non-recognition of liability towards land conversion charges payable to the State Government in respect of agriculture lands allotted to the Company up to 31.01.2018 in accordance with provisions of Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (the Act). As per Section 7(g) of the Act, as amended through Act No.13 of 2018, the agriculture lands allotted to the Company for non-agricultural purpose are exempted from payment of land conversion charges only from 01.02.2018, as notified vide G.O.No.37 dated 25.01.2018 and G.O Ms.No.98 dated 19.02.2018. Instead, the same amount was incorrectly shown as Contingent Liability in Notes to Accounts. Neither the exemption request of the Company was accepted by the State Government, nor the Company made any effective follow-up in support of its stand to conclude the status. The impact on Profit could not be ascertained in the absence of requisite details relating to the land not in the inventory as on the reporting date. Thus, non-recognition of liability towards land conversion charges resulted in understatement of Current Liabilities and Current Assets (Inventories) by ₹574.61 crore.



### **C. Comment on Auditors Report**

8. Reference is invited to Para-VII(b) of Annexure-A to the Independent Auditors Report on Standalone Financial Statements wherein the details of statutory dues against income tax which have not been deposited on account of dispute were reported from the AY 2014-15 to 2019-20, whereas ₹6.73 crore pertaining to AY 2020-21 not deposited by the Company was **not** reported in the Audit Report. This is also found deviating from the reporting requirements stipulated under Section 143(11) of the Act read with CARO 2020. Thus, the Independent Auditors Report is found to be deficient to that extent.

### **D. Other Comments**

#### **Significant Accounting Policies (Note-2.8)**

9. As per provisions of Ind AS-2 on inventories, the inventories of the companies shall be measured at the lower of the cost and net realizable value. However, the Company's significant accounting policy disclosed vide note No. 2.8 stating that "Inventories and work-in-progress are valued at cost" is contrary to the provisions of applicable Ind AS. Further, the accounting policy did not require the management to assess the realizable value periodically at end of each reporting period, deviating from the Ind AS-2. As a result, impairment, if any required as on reporting date could not be ascertained, which might lead to the presence of material misstatements in the financial statements. Hence, Accounting policy on inventories needs modification to comply with the applicable Ind AS-2.

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

**Place: Vijayawada**

**Date: 14.03.2024**

Sd/-  
(INDU AGRAWAL)  
**Principal Accountant General (Audit)**  
प्रधान महालेखाकार (ले.प.)



**Annexure -A to Certificate**

Subsidiaries, Joint Venture and Associate Companies of Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) for the year ended 31 March 2022

Sl.	Name of Company	Relationship with APIIC
1.	APIIC Food Park (Krishna District) Limited	Subsidiary
2.	Tirupati Electronics Manufacturing Cluster Limited	Subsidiary
3.	AP bulk Drugs Infrastructure Corporation Limited	Subsidiary
4.	Andhra Pradesh Gas Infrastructure Corporation Limited	Subsidiary
5.	Krishnapatnam international Leather Complex private Limited	Subsidiary
6.	Atchutapuram Effluent Treatment Limited	Subsidiary

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

**Place: Vijayawada**

**Date: 14.03.2024**

Sd/-  
(INDU AGRAWAL)  
Principal Accountant General (Audit)  
प्रधान महालेखाकार (ले.प.)



# ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2022

(Rs. in Crores)

	Particulars	Note No.	Figures as at 31.03.2022	Figures as at 31.03.2021
	<b>ASSETS</b>			
(1)	<b>Non - Current Assets</b>			
a	Property, Plant and Equipment	3.1	145.59	148.70
b	Right of Use Assets	3.2	0.32	0.33
c	Capital Work in Progress	4.1	307.02	302.84
d	Investment Property	4.2	429.87	266.80
e	Other Intangible Assets	4.3	0.02	0.03
f	<b>Financial Assets</b>			
	(i) Investments	5.1	714.31	569.46
	(ii) Loans	5.2	491.34	675.47
	(iii) Others	5.3	1,587.25	1,828.38
g	<b>Other Non - Current Assets</b>			
	(i) Non-Current Tax Assets (Net)	6.1	36.91	28.25
	(ii) Other Non - Current Assets	6.2	625.47	1,047.23
	<b>Non - Current Assets - Total</b>		<b>4,338.10</b>	<b>4,867.49</b>
(2)	<b>Current Assets</b>			
a	<b>Inventories</b>	7	3,660.09	3,213.89
b	<b>Financial Assets</b>			
	(i) Trade Receivables	8.1	25.84	32.37
	(ii) Cash and Cash Equivalents	8.2	249.17	173.41
	(iii) Loans	8.3	237.71	235.61
	(iv) Others	8.4	86.99	87.02
c	<b>Other Current Assets</b>	9	40.39	39.08
(3)	<b>AP Reorganisation Adjustment Account</b>	10	225.62	225.62
	<b>Current Assets - Total</b>		<b>4,525.81</b>	<b>4,007.00</b>
	<b>Total Assets</b>		<b>8,863.91</b>	<b>8,874.49</b>
	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Equity</b>			
	(i) Equity Share Capital	11	9.52	9.52
	(ii) Other Equity		499.77	435.10
	(iii) Non Controlling Interest	11.3	11.54	13.64
	<b>Equity - Total</b>		<b>520.83</b>	<b>458.26</b>
	<b>LIABILITIES</b>			
(2)	<b>Non - Current Liabilities</b>			
a	<b>Financial Liabilities</b>			
	(i) Borrowings	12.1	1,717.88	2,082.22
	(ii) Other Financial Liabilities	12.2	1,424.27	1,237.06
b	<b>Provisions</b>	13	9.60	9.83
c	<b>Deferred tax liabilities (Net)</b>	14	7.20	5.25
d	<b>Other Non - Current Liabilities</b>	15	2,180.73	1,836.22
	<b>Non - Current Liabilities - Total</b>		<b>5,339.68</b>	<b>5,170.58</b>
(3)	<b>Current Liabilities</b>			
a	<b>Financial Liabilities</b>			
	(i) Borrowings	16.1	166.54	11.91
	(ii) Trade Payables	16.2	64.92	135.35
	(iii) Other Financial Liabilities	16.3	452.80	650.25
b	<b>Other Current Liabilities</b>	17	1,433.33	1,472.74
c	<b>Provisions</b>	18	885.81	975.40
	<b>Current Liabilities - Total</b>		<b>3,003.40</b>	<b>3,245.65</b>
(4)	<b>Accounting Policies</b>	2		
	<b>Total Equity and Liabilities</b>		<b>8,863.91</b>	<b>8,874.49</b>

AS PER OUR REPORT EVEN DATE

for POLINENI ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 0061325

Sd/-  
M V S R PRASAD  
PARTNER  
M. NO.: 029076

PLACE : MANGALAGIRI  
DATE : 27.12.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-  
SRIJANA GUMMALLA, IAS  
VICE CHAIRMAN &  
MANAGING DIRECTOR  
DIN:08500020

Sd/-  
M SIVA S REDDY  
COMPANY SECRETARY  
M.No. F9078

Sd/-  
M GOVINDA REDDY  
CHAIRMAN  
DIN:01216133

Sd/-  
P V SUBBA REDDY  
CHIEF GENERAL MANAGER (F)i/c  
DATE : 27.12.2022



**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**  
**FOR THE PERIOD ENDED 31.03.2022**

(Rs. in Crores)

	Particulars	Note No.	Current Year (2021-22)	Previous Year (2020-21)
I	Revenue from operations	19	281.23	269.86
II	Other Income	20	83.04	84.78
III	<b>Total Revenue (I + II)</b>		<b>364.27</b>	<b>354.64</b>
IV	<b>Expenses</b>			
a	Cost of Sales	21	77.81	101.76
b	Exploratory Cost Written off		0.00	0.00
c	Employee Benefits expense	22	45.02	39.30
d	Finance Costs	23	0.04	0.04
e	Depreciation and amortization expense		15.54	7.08
f	Other expenses	24	150.28	128.84
	<b>Total Expenses</b>		<b>288.69</b>	<b>277.02</b>
V	<b>Profit/(Loss) before Exceptional items and tax (III - IV)</b>		<b>75.58</b>	<b>77.62</b>
VI	Exceptional items		0.00	0.00
VII	<b>Profit/(Loss) before tax (V - VI)</b>		<b>75.58</b>	<b>77.62</b>
VIII	<b>Tax expense:</b>			
	(1) Current Tax - Current Year		8.47	13.89
	- Previous Years		0.00	0.41
	(2) Deffered Tax - Current Year		1.95	2.26
	(2) MAT Credit		0.00	0.00
IX	<b>Profit/ (Loss) for the period (VII - VIII)</b>		<b>65.16</b>	<b>61.06</b>
X	<b>Other Comprehensive Income</b>			
	(i) Items that will not be reclassified to Profit or (Loss)			
	Employee Cost - Acturial gain/(loss)		0.00	0.00
	<b>Tax expense:</b>			
	(1) Current Tax		0.00	0.00
	(2) Deffered Tax - Current Year		0.00	0.00
XI	<b>Total Comprehensive Income/ (Loss) for the year</b>		<b>65.16</b>	<b>61.06</b>
XII	<b>Earning per equity share (in Rupees):</b>			
	- Basic & Diluted		<b>6,843</b>	<b>6,412</b>
	(Face value of Rs. 1000/- per Share)			

See Accompanying notes to the financial statements

AS PER OUR REPORT EVEN DATE  
for POLINENI ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 0061325

Sd/-  
M V S R PRASAD  
PARTNER  
M. NO.: 029076

PLACE : MANGALAGIRI  
DATE : 27.12.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-  
SRIJANA GUMMALLA, IAS  
VICE CHAIRMAN &  
MANAGING DIRECTOR  
DIN:08500020

Sd/-  
M SIVA S REDDY  
COMPANY SECRETARY  
M.No. F9078

Sd/-  
M GOVINDA REDDY  
CHAIRMAN  
DIN:01216133

Sd/-  
P V SUBBA REDDY  
CHIEF GENERAL MANAGER (F)i/c  
DATE : 27.12.2022



**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**STATEMENT OF CHANGES IN CONSOLIDATED EQUITY**  
**FOR THE YEAR ENDED 31st MARCH, 2022**

(Rs. in Crores)

Details	Share Capital	Other Equity					
	Equity shares of Rs.1,000/- each fully paid	Reserves and Surplus			Other items of other comprehensive income (Employee cost - Actuarial gain (loss))	Non-Controlling Interest	Total
		Capital Reserve	General Reserve	Retained Earnings			
Balance as at the beginning of the year 2020-21	9.52	57.58	0.00	280.79	0.00	29.41	367.78
Changes in accounting policy or prior period errors	0.00	0.00	0.00	6.19	0.00	0.00	6.19
Restated balance at the beginning of the reporting period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income for the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to retained earnings	0.00	0.00	0.00	61.06	0.00	0.02	61.08
Any other changes	0.00	0.00	0.00	0.00	0.00	0.00	0.05
<b>Balance at the end of the reporting year 2021-22</b>	<b>9.52</b>	<b>57.58</b>	<b>0.00</b>	<b>348.09</b>	<b>0.00</b>	<b>29.43</b>	<b>435.10</b>
Balance as at the beginning of the year 2021-22	9.52	57.58	0.00	348.09	0.00	29.43	435.10
Changes in accounting policy or prior period errors	0.00	0.00	0.00	-2.59	0.00	0.00	-2.59
Restated balance at the beginning of the reporting period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income for the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to retained earnings	0.00	0.00	0.00	65.16	0.00	2.10	67.26
Any other changes	0.00	0.00	0.00	0.05	0.00	0.00	0.00
<b>Balance at the end of the reporting year 2021-22</b>	<b>9.52</b>	<b>57.58</b>	<b>0.00</b>	<b>410.66</b>	<b>0.00</b>	<b>31.53</b>	<b>499.77</b>

AS PER OUR REPORT EVEN DATE  
for POLINENI ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 006132S

Sd/-  
M V S R PRASAD  
PARTNER  
M. NO.: 029076

PLACE : MANGALAGIRI  
DATE : 27.12.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-  
SRIJANA GUMMALA, IAS  
VICE CHAIRMAN &  
MANAGING DIRECTOR  
DIN:08500020

Sd/-  
M SIVA S REDDY  
COMPANY SECRETARY  
M.No. F9078

Sd/-  
M GOVINDA REDDY  
CHAIRMAN  
DIN:01216133

Sd/-  
P V SUBBA REDDY  
CHIEF GENERAL MANAGER (F)i/c

DATE : 27.12.2022

**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**Notes forming part of Consolidated Balance Sheet and Statement of Profit & Loss**

**1 COMPANY INFORMATION:**

Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC Ltd.), the company was incorporated in the year 1973 under the Companies Act, 1956 to formulate, promote, finance, aid, assist, establish, manage and control schemes, projects or programmes, to provide and develop infrastructure facilities and other services of any description in order to promote and assist the rapid and orderly establishment, growth and development of industries and commerce in the State of Andhra Pradesh.

As per section 53 of the A.P Reorganisation of Act, 2014, the assets and liabilities as on 01.06.2014 were divided between the company and TSIIC Limited as per the approved Demerger Scheme.

The financial statements have been prepared in accordance with the Schedule III of the Companies Act, 2013 to the extent applicable and the necessary details have been disclosed in the said statement as per the schedule.

**2 SIGNIFICANT ACCOUNTING POLICIES:**

**Statement of Compliance**

The Financial Statements of the company are prepared as per the Ind AS prescribed under section 133 of the Act read with rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company is governed by the provisions of the Companies Act, 2013.

The Accounting Policies have been consistently applied except a newly issued Accounting Standard which is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

Based on the nature of its activities, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

Amounts in the Financial Statements are presented in ` crores except for per share data and as otherwise stated. All exact amounts are stated with suffix "/-".

These Financial Statements are approved for issue by the Board of Directors of the company on 27.12.2022

**2.1 Basis of preparation of Financial Statements**

The Financial Statements of the Company are prepared under the Historical Cost convention on the accrual basis in accordance with Indian Accounting Standards (Ind AS) except for certain financial instruments which are measured at fair values as per the provisions of the Companies Act, 2013 (the Act).

**2.2 Use of Estimates:**

The preparation of Financial Statements in conformity with Ind AS requires the management of the company to make estimates, judgements and assumptions that affect the application of Accounting Policies, reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of Financial Statements and reported amounts of revenue and expenses during the period. The accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements

## **2.4 Significant Accounting Policies:**

### **Plant, Property and Equipment:**

Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment if any. Historical cost includes purchase price and all attributable costs (freight and non refundable duties and taxes) for bringing the asset to working condition for intended use. Self constructed assets / addition to assets are taken into account after receiving the information from the competent authority.

Any profit/loss on sale, discard /disposal of an asset is charged to statement of profit and loss in the year. In case of purchase / addition of assets whose value  $\leq$  Rs.5000/- are charged to Profit & Loss Account.

Property held to earn rentals or for capital appreciation in which portions could be sold separately are accounted for as investment property or tangible asset as the case may be. If the portions could not be sold separately and if an insignificant portion is held for use for administrative purposes, such property is accounted as investment property.

Property in which insignificant portion is let out on rental basis to facilitate the operations of the business like post offices, banks etc., is accounted as tangible asset.

The cost of assets not put to use as at Balance Sheet date is disclosed under Capital Work-in-Progress.

The portion of land in Non-SEZs to the extent for which Lease Deeds are executed under Investment Property and the portion of land held for allotments on lease in Non-SEZs to the extent for which lease deeds are yet to be executed/ to be allotted are treated as inventory

The lands in SEZ areas are exhibited under Investment Property irrespective of the execution of Lease Deed.

## **2.4 DEPRECIATION:**

Depreciation on assets is charged on Straight Line method at the rates prescribed in schedule II of Companies Act, 2013.

In the case of any addition/transfer/deletion of an asset, depreciation is charged proportionately based on number of days, from the date when the asset is ready for intended use or till the date of disposal or transfer, as the case may be.

## **2.5 Financial Instruments**

### **Initial Recognition**

The company recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument. All financial assets and financial liabilities are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

### **Subsequent measurement**

#### **Financial asset carried at amortised cost**

A Financial Asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows under contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



## **Financial Assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with in a business model whose objective is achieved by both by collecting contractual cash flows and selling financial asset under contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value is recognised in other comprehensive income.

## **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss

## **Borrowings and other financial liabilities**

Borrowings and other financial liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facility is recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. For trade and other receivables maturing one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of the instruments.

## **Investments in subsidiaries and associates**

Investments in subsidiaries and associates are carried at cost in separate financial statements.

Impairment if any on investments is accounted for where there is permanent impairment

## **Share Capital**

Ordinary shares are classified as equity. Incremental costs if any directly attributable to the issuance of new ordinary shares recognised as a deduction from equity.

## **De-recognition of financial instruments**

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expired.

## **Fair value of financial instruments**

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at reporting date. The methods used to determine fair values include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never actually be realised.

For financial assets and liabilities maturing within one year from the balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short term maturity of these instruments.

## **2.7 IMPAIRMENT**

### **Financial assets**

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution and banks repayable on demand or maturity within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

Other current interest bearing deposits, principally comprising funds held with banks are carried at amortised cost using effective method. Gains and losses are recognised in profit and loss when the deposits are derecognised or impaired as well as through the amortisation process.

Trade and other receivables are stated at cost less allowance made for doubtful receivables, which approximates fair value given the short term nature of these assets. Provision for impairment of receivables (allowance for doubtful receivables) is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of the receivables.

Losses in respect of impairment in the value of investments if any are recognised in statement of Profit & Loss.

### **Non-financial assets**

The company evaluates the impairment losses on the property, plant and equipment and intangible assets at the each reporting period where there is an indication that an asset may be impaired. Whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable and such assets are considered to be impaired, the impairment loss is then recognised for the amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separate identifiable cash flows.

## **2.8 Inventories**

Inventories and work-in-progress are valued at cost.

Inventories include land cost and development cost in respect of the lands other than those for which sale agreements and lease deeds pertaining to Non-SEZs are executed and development cost in respect of SEZs other than those for which lease deeds are executed.

Provision for write down if any, in value of materials, spares and other inventory is made from time to time as per an appropriate and prudent policy determined by the company.

## **2.9 Provisions and Contingencies**

A Provision is recognised if as a result of a past event, the company has present legal or constructive obligation that is reasonably estimatable, and is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the company of a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and expected net cost of continuing with the contract.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are neither accounted for nor disclosed in the accounts.

## **2.10 Income Recognition**

### Revenue from ORS Allotments:

Income from Sale of Land, Sheds and Buildings is recognized on execution of sale agreement and handing over physical possession of the premises. With respect of sale of land, the completion of contractual performance obligation is treated as satisfied over period of time as per IND AS 115.

### Treatment of lease allotments and revenue recognition:

Lease allotments are treated in the following manner:

A) The allotments made on Lease basis with buyout option is treated as Finance Lease.

B) All other Allotments including SEZs without buyout option is treated as Operating Lease.

### Revenue recognition in respect of Lease allotments:

A) Non Lease Component i.e., Infrastructure development is recognized as revenue in the year in which lease deeds are executed or in the year in which the expenditure is incurred whichever is later

B) Lease Component i.e., Land portion is recognized as revenue duly amortising over the lease term"

### Other revenue:

Processing fee, Additional Process fee, interest income on delayed payments towards land cost other than SC / ST allotments, EoT fee and other penalties if any and dividend income are recognized on receipt basis.

### Sales Returns:

Allotments cancelled on account of non fulfilment of terms and conditions as per the Allotment Regulations / Agreement / Deed are considered as sales returns in the year of execution of cancellation Agreement / Deed. The amount to be forfeited if any is recognized as revenue in the year in which the invoice is generated for making the refund to the entrepreneur.

## **2.11 Expenditure**

Expenditure is accounted for on actual basis and provision is made for all known losses and liabilities unless stated otherwise.

The rebate on Land cost given to the entrepreneurs as per the Allotment Regulations is treated as follows:

**a) Allotments on Outright Sale basis:** Charged off in the Accounts in the year during which the sale agreement is executed

**b) Allotments on Lease basis:** Charged off in the Accounts over the period of Lease starting from the year in which the lease deed is executed

If the Allotment is converted from Lease to ORS basis, the balance amount remaining is being charged off in the accounts during the year in which the document is registered with the concerned authority.

## **2.12 Government Grants**

Grants from the government are recognised only when there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government Grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the cost that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented within other income.

## **2.13 Employee Cost and Retirement Benefits**

### **Defined Contribution Plans**

The Company makes defined contribution to the Provident Fund Trust under the provisions of Employee Provident Fund & Miscellaneous Provisions Act for provident fund and pension for the employees to the regional provident fund commissioner. The Company has no further obligation beyond the monthly contributions.

The contributions made by the employees towards Provident Fund are credited to APIIC Employees Provident Fund Trust. The company has obligation to make good the shortfall if any between the return from the investment of the Trust and the notified interest rate. The contribution, if any, towards such shortfall will be accounted for in the year in which it is made.

### **Defined Benefit Plans**

Liability for Leave encashment benefits provided for all Employees is considered based on the actuarial Valuation made at the end of the year which is computed using projected unit credit method.

The interest income/ expenses are calculated by applying the discount rate to the net defined benefit liability or asset. The interest income/ expenses on the net interest income /expense on the net defined benefit liability or asset is recognised in the statement of Profit and loss.

Re-measurement gains and losses arising of experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss past service cost.

### **2.14 Borrowing cost**

Borrowing cost (Interest etc.) that is directly attributable to the acquisition, construction or production of a qualifying capital asset is capitalised as part of the cost of that asset. The borrowing cost incurred on funds borrowed generally and used for the purpose of obtaining a qualifying capital asset, is capitalised applying a capitalisation rate on weighted average basis. Other borrowing costs are recognised as an expense in the period in which these are incurred.

### **2.15 Income tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and loss, except when they relate to items that are recognised in the other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in the other comprehensive income or directly in equity respectively.

### **2.16 Current tax**

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### **2.17 Deferred Tax**

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affect neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and they carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances are to the same taxation authority.

## **2.18 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as on the date of the financial statements and the reported amounts of the revenue and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

### **Critical Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements

### **Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have materially adverse impact on our financial position or profitability.

### **Key Sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Allowance for doubtful debts**

The Company makes allowances for doubtful debts based on an assessment of the recoverability of receivables. The identification of doubtful debts requires use of judgements and estimates. When the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debt expenses in the period in which such estimate has been made.

Provision for bad and doubtful debts is made at 100% on sundry debtors exceeding 3 years in respect of water, rentals, hire purchase etc., for both principal and interest and amounts receivable in respect of deposit works

### **Allowance for inventories**

The management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow moving items. The management is satisfied that adequate allowance for obsolete inventories was made in the financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE F.Y 2021-22

### BALANCE SHEET:

#### NON-CURRENT ASSETS

#### 3.1 TANGIBLE ASSETS

##### 3.1.1 NET BLOCK

PARTICULARS	(Rs.in Crores)	
	As at 31st March, 2022	As at 31st March, 2021
LAND including Land Development	0.06	0.06
BUILDINGS	108.04	104.34
REFRIGERATORS, ACs AND AIR COOLERS	0.04	0.02
FURNITURE AND FIXTURES	3.49	3.96
OFFICE EQUIPMENT	0.12	0.17
VEHICLES	1.19	0.86
ELECTRICAL EQUIPMENT	2.94	3.61
DRAWING EQUIPMENT	0.00	0.00
COMPUTER	2.21	3.65
OTHER PLANT & MACHINERY	19.35	22.60
LAB EQUIPMENT	0.10	0.60
PUMP SETS	0.37	0.68
SOLAR POWER PLANT	7.68	8.15
<b>CURRENT YEAR</b>	<b>145.59</b>	<b>148.70</b>
<b>PREVIOUS YEAR</b>	<b>148.70</b>	<b>250.03</b>

##### 3.1.2 Buildings

The company purchased 6th floor (11840 sft) from APIDC on outright purchase basis for a consideration of Rs. 0.13 crores in the year 1979, subsequent additions made of Rs.0.59 crores and 4th floor (11867 sft) from APSSIDC for a consideration of Rs. 1.50 crores in the year 1998 in Parisrama Bhavan, Basheerbagh, Hyderabad. As per the AP Reorganisation Act, 2014 and the Demerger Scheme made thereunder, out of the total extent of 23,707 sft, an area of 9,881.08 sft (i.e., 41.68% of total area) in 6th floor book value of which is Rs.0.60 crores was transferred to TSIIC Limited during the F.Y 2014-15. The 4th floor and the portion relating to the company in the 6th floor was shown under the head Buildings in Plant, Property and Equipment pending completion of registration formalities by the respective parties.

##### 3.1.3 Vehicles

M/s Kia Motors Corporation handedover Four (04) motor cars manufactured by the unit established in the state at free of cost to the corporation and registered the four vehicles in the name of the corporation & the same was considered in the books of accounts at Re.1/- per vehicle and exhibited under Plant, Property and Equipment during the F.Y 2019-20. The corporation has obtained insurance policy for the said four vehicles and the cost incurred for insurance policy was charged off in the accounts in the same year.

##### 3.1.4 Depreciation:

The depreciation is calculated based on the useful life of the asset as per the provisions of schedule II of the Companies Act, 2013. Accordingly, an amount of Rs.5.66 crores (Previous Year: Rs.5.34 crores) was charged to Profit and Loss statement.

##### 3.1.5 SPECIAL ECONOMIC ZONES (SEZ):

The company was appointed as Nodal Agency for development of Special Economic Zones (SEZs) in Andhra Pradesh in respect of SEZs developed by the company as a developer. In respect of the allotments made under lease basis and lease deeds executed, the upfront cost pertaining to land in respect of lease deeds executed is being recognised proportionately depending upon the lease period and lease rentals are accounted for as revenue.

The lands related to Special Economic Zones are exhibited under Investment Property as the same are held for allotment to Industrial Entrepreneurs on lease basis for development of SEZs. Further, the cost of infrastructure incurred in respect of SEZs to the extent for which lease deeds are executed are charged off in the accounts from time to time.



### 3.1.6 There is no impairment of Fixed Assets during the year

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 01-4-2021
<b>3.2 RIGHT OF USE</b>		
Land	0.32	0.33
<b>TOTAL</b>	<b>0.32</b>	<b>0.33</b>
<b>4.1 CAPITAL WORK IN PROGRESS</b>		
As per last Balance Sheet	302.84	328.28
Add: Additions during the period	0.30	26.05
Less: Adjustment against Grant/ Capitalisation	28.51	122.13
<b>Sub-Total</b>	<b>274.63</b>	<b>232.20</b>
Exploratory Work-in-progress	32.39	70.64
<b>TOTAL</b>	<b>307.02</b>	<b>302.84</b>

### 4.2 INVESTMENT PROPERTY NET BLOCK

		(Rs.in Crores)
PARTICULARS	As at 31st March, 2022	As at 31st March, 2021
LAND	361.31	197.08
BUILDINGS	68.56	69.72
<b>CURRENT YEAR</b>	<b>429.87</b>	<b>266.80</b>
<b>PREVIOUS YEAR</b>	<b>266.80</b>	<b>267.95</b>

Land and Buildings held by the company for allotment on Lease/ Rental basis and in respect of those in which insignificant portion is held for administrative purpose are treated as investment property. In addition, the lands in SEZ areas are exhibited under Investment Property irrespective of the execution of Lease Deed.

During the year, cost of land of Rs. 164.25 crores was transferred from Stock-in-Trade-Land (Lease) to Investment Property as the Land was allotted to NICDIT Krishnapatnam Industrial City Development Limited on lease basis for a period of 99 years without any buyout option.

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 01-4-2021
<b>4.3 OTHER INTANGIBLE ASSETS</b>		
License from APPCB	0.02	0.03
<b>TOTAL</b>	<b>0.02</b>	<b>0.03</b>

## 5 FINANCIAL ASSETS (NON - CURRENT ASSETS)

### 5.1 INVESTMENTS

#### A INVESTMENTS IN EQUITY INSTRUMENTS

##### INVESTMENTS IN JOINT VENTURES

I. 52,21,03,120 equity shares of Rs.10/- each fully paid-up in NICDIT Krishnapatnam Industrial City Development Limited (P.Y - 45,32,24,284 equity shares of Rs.10/- each)	50	523.89	451.91
II. 2,20,27,071 equity shares of Rs.10/- each fully paid-up in Visakhapatnam Industrial Water Supply Company Ltd	49	121.74	74.53

##### INVESTMENTS IN ASSOCIATE COMPANIES

III. 1,30,00,000 equity shares of Rs.10/- each fully paid up in AP-ADE Manufacturing Parks Private Limited	28.58	11.76	11.93
IV. 3,58,70,849 equity shares of Rs.10/- each fully paid-up in AP Gas Distribution Corporation Limited(P.Y - 58,70,849 equity shares of Rs.10/- each)	26.23	32.86	5.87

	% of Holding	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 01-4-2021
V. 52,00,000 equity shares of Rs.10/- each fully paid up in Ace Urban Hitech City Limited	26	21.62	21.55
VI. 26,000 equity shares of Rs.10/- each fully paid up in Adani KP Agri Ware Housing Company Private Limited	26	0.00	0.00
<b><u>INVESTMENTS IN RELATED PARTY COMPANIES</u></b>			
VII. 15,00,000 equity shares of Rs.10/- each full pad-up in Bharatiya International SEZ Ltd	11.05	1.50	1.50
VIII. 19,80,000 equity shares of Rs.10/- each fully paid-up in Visakha Pharma City Limited (Formerly Ramky Pharma City (India) Ltd)	11	1.98	1.98
IX. 17,32,104 equity shares of Rs.10/- each fully paid-up in Ace Urban Infocity Limited (includes 5,77,368 Bonus shares issued on May 12, 2003)	6.42	1.15	1.15
X. 12,145 equity shares of Rs.10/- each fully paid-up in Hyderabad Information Technology Venture Enterprises Ltd	4.86	0.01	0.01
XI. 2,429 equity shares of Rs.10/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (Rs. 24,290/-)	4.86	0.00	0.00
XII. 22,30,961 equity shares of Rs.10/- each fully paid-up in Bhagyanagar Gas Limited	2.49	2.23	2.23
XIII. 44,000 equity shares of Rs.10/- each fully paid-up in Vizag IT Park Ltd	0.49	0.04	0.04
<b>B. OTHER INVESTMENTS</b>			
I. 449 Units of Rs.25,000/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (HIVE FUND)		1.12	1.12
		<b>719.90</b>	<b>573.82</b>
<b>Add: Deposit towards share application money</b>			
AP Bulk Drug Infrastructure Limited		0.10	0.10
Tirupati Electronics Manufacturing Cluster Limited		0.10	0.10
APIIC Food Park (Krishna District) Limited		0.01	0.01
		<b>720.11</b>	<b>574.03</b>
<b>Less: Provision for impairment of investments</b>			
A P Gas Infrastructure Corporation Limited		0.00	0.00
Ace Urban Hitech City Limited		4.36	4.43
Bharatiya International SEZ Limited		0.09	0.06
AP-ADE Manufacturing Parks Private Limited		1.35	0.00
AP Gas Distribution Corporation Limited		0.00	0.08
<b>TOTAL</b>		<b>714.31</b>	<b>569.46</b>

#### 5.1.1 Investment in AP Gas Infrastructure Corporation Pvt Limited :

As per the directions of Government of AP in G.O. Ms. No. 222 of Industries & Commerce (INF) Department dated 09.10.2009, the Corporation has acquired 51% of equity (Rs.27.17 crores) in Andhra Pradesh Gas Infrastructure Corporation (P) Ltd upto the end of the previous year.

An amount of Rs. 24.45 crores was written off in the books of accounts duly retaining Rs. 2.72 crores (i.e., 10% value in investment of 2,71,66,000 equity shares @ Rs. 10/- each) in the earlier years towards investment in APGIC as the subsidiary company had incurred losses continuously. Further, an amount of Rs.2.72 crores was provided towards impairment of investments during the previous year as the subsidiary has incurred further losses. In addition, an amount of Rs.1.24 crores released to APGIC for day to day expenses was provided as Bad Debts upto the end of the year.

#### **5.1.2 Investment in Krishnapatnam International Leather Complex :**

The Company invested an amount of Rs.0.05 crores in Krishnapatnam International Leather Complex Limited towards 51% of Equity upto the end of the year. Further, as a part of discounting of the loan given to KPILC, as per Ind AS-109: Financial Instruments, the fair value of the loan to an extent of Rs.1.85 crores is added to the original cost of investments and exhibited as Rs.1.90 crores as at the end of the year (Previous Year Rs.1.90 crores).

#### **5.1.3 Investments in Visakhapatnam Industrial Water Supply Company Limited :**

The Company has allotted land for an extent of 120.305 Acres on Lease basis for a period of 32 Years for which an amount of Rs. 15.50 crores was received in the form of Equity Shares in earlier years. The Company invested an amount of Rs.6.53 crores in cash in the JV Company in earlier years.

#### **5.1.4 Investments in Atchutapuram Effluent Treatment Limited :**

The company has invested an amount of Rs.11.66 crores in Atchutapuram Effluent Treatment Limited towards 49% of equity upto the end of the year as per the orders of Government of Andhra Pradesh vide GO Ms No.135, dated 18.10.2016 of Industries and Commerce (Infra) Department for which Equity Shares were allotted. During the previous year, it was decided to increase the share holding to 74% of the equity duly converting the loan component into Equity. Accordingly, 2,68,43,985 Equity Shares of Rs.10/- each were allotted to the company during the previous year making the total share holding as 72.32% upto the end of the year. Further, during the year the company has invested an amount of Rs.2,65,50,250/- for which 26,55,025 equity shares of Rs.10/- each were allotted during the year. Accordingly, the total investment as at the end of the year is Rs.41,15,88,000/-.

#### **5.1.5 Investments in AP-ADE Manufacturing Parks Private Limited**

The company has allotted an extent of 264.06 acres of land to M/s Andhra Pradesh Aerospace & Defence Electronics Park Private Limited in anantapuramu district for which part consideration worth Rs.13.00 crores towards 26% share was invested in the SPV as per the orders of Government of Andhra Pradesh vide G.O Ms. No.76, dated 14.09.2015 of Industries and Commerce (Infra) Department during the previous year. Accordingly, 1,30,00,000 equity shares of Rs.10/- each were allotted to the company upto the end of the year

#### **5.1.6 Investments in NICDIT Krishnapatnam Industrial City Development Limited**

The company has invested an amount of Rs.2.50 crore towards 50% share in the SPV as per the orders of Government of Andhra Pradesh vide G.O RT No.133, dated 07.05.2018 of Industries and Commerce (Infra) Department. During the F.Y 2020-21, an extent of 1,814.51 acres of land was leased to NICDIT Krishnapatnam Industrial City Development Limited on 26.03.2021 for a consideration of Rs.450.72 crores for a period of 99 years for which the company has received 45,07,24,284 Equity Shares of Rs.10/- each during the previous year. In addition, an extent of 277.29 acres of land was leased on 28.08.2021 for a consideration of Rs.68.88 crores for a period of 99 years for which the company has received 6,88,78,836 Equity Shares of Rs.10/- each during the year. Accordingly, the total value of investment (both in the form of Cash & Land put together) is Rs.522.10 crores upto the end of the year

#### **5.1.7 Investments in Adani KP Agri Ware Housing Company Private Limited (Formerly KP Agri Ware Housing Company Private Limited)**

The company has inversed an amount of Rs.0.26 crore towards 26% share in the SPV as per the orders of Government of Andhra Pradesh vide G.O Ms No.25, dated 09.02.2017 of Industries and Commerce (Infra) Department.

#### **5.1.8 Investments in AP Gas Distribution Corporation Limited**

The Company allotted an extent of Ac 0.587 cts at a total cost of Rs.5.87 crores for which 58,70,849 equity shares of Rs.10/- each were allotted upto the previous year towards the land cost.

Further, an amount of Rs.30.00 crores was invested as per G.O Ms No.10, dated 17.08.2021 of Infrastructure & Investment (Airports) Department, GoAP towards equity participation for which 3,00,00,000 Equity Shares of Rs.10/- each were received during the year. Accordingly, the total value of investment is (both in the form of Cash & Land put together) is Rs.35.87 crores upto the end of the year

#### **5.1.9 Investments in Bhagyanagar Gas Limited**

The Company allotted an extent of Ac 2.90 cts at a total cost of Rs.2.23 crores for which 22,30,961 equity shares of Rs.10/- each were allotted during the year towards the land cost. The equity participation is made as per the G.O Ms No.234, dated 30.10.2009 of Principal Secretary to GoAP & CIP, I & C Dept.

#### **5.1.10 Investments in AP Bulk Drug Infrastructure Limited**

The company has invested an amount of Rs.0.10 crores towards 100% share in equity in the SPV as per G.O Ms No.45 dated 26.08.2020 of Industries and Commerce (Infra) Department, GoAP for which equity shares are yet to be allotted to the company as at the end of the year.

#### **5.1.11 Investments in APIIC Food Park (Krishna District) Limited**

The company has to invest an amount of Rs.0.01 crores towards 100% share in equity in the SPV as per G.O Ms No.49 dated 14.04.2016 of Industries and Commerce (Infra) Department, GoAP accordingly an amount of Rs.0.01 crore is provided in the books of accounts towards equity contribution during the previous year. The same is retained in the books of accounts and the equity shares are yet to be allotted to the company as at the end of the year. Hence, the SPV is not considered for consolidation of Accounts.

#### **5.1.12 Investments in Tirupati Electronics Manufacturing Cluster Limited**

The company has to invest an amount of Rs.0.10 crores towards 100% share in equity in the SPV as per G.O Ms No.21 dated 06.04.2020 of Industries and Commerce (Infra) Department, GoAP accordingly an amount of Rs.0.10 crore is provided in the books of accounts towards equity contribution during the year. The equity shares are yet to be allotted to the company as at the end of the year.

**5.1.13** The physical share certificates in respect of Hyderabad Information Technology Venture Enterprises Ltd, Cyberabad Trustee Company (P) Ltd and Cyberabad Trustee Company (P) Ltd (HIVE FUND) were surrendered to the respective companies in the earlier years on account of sale of certain Equity Shares for issue of fresh Share Certificates. The fresh Share Certificates are yet to be received by the company as at the end of the year.

#### **5.1.14 Provision for Impairment of investments**

An amount of Rs. 8.52 crores was provided towards impairment in the value of investments during the year (Previous Year - Rs.7.29 crores) in respect of investments made in certain Subsidiaries/ JVs as indicated at note no.5.1.

#### **5.1.15 Investments transferred to TSIIC Limited :**

The Investments held by the company in the following Subsidiary Companies/ Joint Ventures/ Associate Companies were transferred to TSIIC Limited during the Financial Year 2014-15 on location/ population basis mentioned against each including the provision for impairment of investments as a part of AP Reorganisation Act, 2014 and the Demerger Scheme made thereunder.

Pending approval of the demerger scheme by the Government of India, the share/ debenture certificates in respect of the investments apportioned to TSIIC Limited are in the name of APIIC Limited and continues to be in the name of APIIC Limited till approval of the Demerger Scheme by the Government of India.

Name of the Company	% of Holding	Amount (Rs. In crores)	Basis of allocation
1. Fab City SPV India Pvt Limited	89	0.01	Location
2. E City manufacturing Cluster Limited	100	0.01	Location
3. Maheswaram Science Park Limited	100	0.01	Location
4. Cyberabad Convention Centre Pvt Limited	26	38.48	Location
5. Boulderhills Leisure Pvt Limited	26	19.75	Location
6. Emmar Hills Township Pvt Limited	26	25.03	Location
7. K Raheja IT Park Limited	11	2.20	Location
8. Intime Properties Pvt Limited11	11	0.14	Location
9. Sundew Properties P vt Limited	11	0.12	Location
10. CBT Towers Pvt Limited	11	20.94	Location
11. Patancheru Enviro Tech Pvt Limited	10	0.25	Location
12. Hyderabad Pharma Infrastructure & Technologies Limited	1	0.00	Location
13. Nano Tech Silican India Limited	20	0.47	Location
14. Debentures in CBT Towers Pvt Limited	—	159.06	Location
15. L& T Infocity Limited	4.58	0.83	Population
16. Hyderabad Information Technology Venture Enterprises Ltd	3.33	0.01	Population
17. Cyberabad Trustee Company Pvt Limited	3.33	0.00	Population
18. Cyberabad Trustee Company Pvt Limited (HIVE Fund)	—	0.80	Population

## 5.2 LOANS

### Secured and Considered Good:

Loans & Advances to related Parties

Advances to Staff

#### Sub-total

### Unsecured and Considered Good:

Loans & Advances to related Parties

Advances to Staff

Other Loans & Advances

#### Sub- Total

#### TOTAL

(Rs.in Crores)  
As at 31-3-2022

(Rs.in Crores)  
As at 31-3-2021

24.22	55.48
1.45	1.58
<b>25.67</b>	<b>57.06</b>
222.13	218.31
0.04	0.04
243.50	400.06
<b>465.67</b>	<b>618.41</b>
<b>491.34</b>	<b>675.47</b>

### 5.2.1 RELATED PARTY TRANSACTIONS:

Name of The Transacting Related Party	Relationship	Volume of Transaction during The Year	Outstanding as on 31.03.2022	Amounts Written Off/ Written Back
1. AP Gas Infrastructure Corporation Pvt Limited	Subsidiary	2.04	4.02	0.00
2. Krishnapatnam International Leather Complex Pvt Ltd	Subsidiary	0.00	29.29	0.00
3. Atchutapuram Effluent Treatment Limited (Acc. Interest)	Subsidiary	2.43	5.23	0.00
4. APIIC Food Park (Krishna District) Limited	Subsidiary	0.06	50.05	0.00
5. Tirupati Electronics Manufacturing Cluster Limited	(Pending share allotment)	1.24	140.97	0.00
6. Visakhapatnam Industrial Water Supply Company (Acc. Interest on Secured Loan)	Joint Venture	-31.26	51.50	0.00
<b>TOTAL</b>		<b>-25.49</b>	<b>281.06</b>	<b>0.00</b>

### 5.2.2 Transactions relating to APIIC Food Park (Krishna District) Limited

As per the directions of DAG, O/o. AG (Audit), Vijayawada vide Lr. No: PAG(Audit) /AMG-II/A.ACs.APIIC/2021-22/49 dt: 14.10.2021. All the transactions upto the end of the year pertaining to APIIC Food Park (Krishna District) Limited are withdrawn on 31.03.2020 and necessary entries have been passed in the accounts of APIIC Ltd., to that effect during the F.Y 2019-20.



**The following are the details of the transactions withdrawn:**

PARTICULARS	AMOUNT (Rs. in Crores)
1. Share Application Money	0.01
2. Advance paid to Consultant	(0.01)
3. Civil Work expenditure incurred on behalf of SPV	(71.10)
4. Interest on Loan - Capitalised	(0.33)
5. Income pertaining to SPV booked revenue during the year	0.45
6. Income pertaining to SPV booked revenue upto previous year	0.03
7. EMD/WHA/FSDs of Contractors pertaining to SPV	0.35
8. GoI Grant pertaining to SPV	34.20
9. Loan taken for SPV and Acc. Interest thereon	14.08
10. Unpaid Bills	0.66
11. Cash Book Balance of all 3 Accounts (4.20 + 3.17 + 0.01)	(7.38)
<b>TOTAL</b>	<b>(29.04)</b>
1. Due from SPV	(29.53)
2. Due to SPV	0.49
<b>TOTAL</b>	<b>(29.04)</b>

The value of land admeasuring Acre 57.45 cents of Rs. 3.16 crores pertaining to the SPV is retained in the books of APIIC Limited only as the land is neither physically handedover nor legally transferred to the SPV as on the date of Balance Sheet. Further, the amounts received from the entrepreneurs to a tune of Rs. 3.18 crores upto the end of the previous year towards allotment of land are retained in the books of APIIC Ltd only and the same will be transferred to the SPV on execution of lease deeds in favour of allottees as the legal liability vests with APIIC only till execution of Sale Agreement/ Lease Deed as per Accounting Policy.

**5.2.3 Loan to Kondapalli Effluent Treatment Limited:**

The company has given a loan of Rs. 0.50 crores during the F.Y 2015-16 with applicable rate of interest @ 8% p.a repayable in 3 years after a moratorium period of 2 years. The loan is treated as arms length transaction and hence no discounting is made in this regard. The principal and interest accrued and due are yet to be received from the said company as at the end of the year.

**5.2.4** The accrued Interest amounting to a tune of Rs.2.39 crores per annum in respect of the loan rendered to Krishnapatnam International Leather Complex Limited was not being accounted for since F.Y 2020-21 due to uncertainty on receipt of the same.

**5.2.5 Transactions relating to Tirupati Electronics Manufacturing Cluster Limited**

During the year the expenditure incurred towards infrastructure works at EMC – II, Vikruthamala, Grants received from Government of India and the balance in the bank as on 30.09.2020 were transferred to Tirupati Electronics Manufacturing Cluster Limited as the SPV was incorporated under the Companies Act, 2013 during the month of August 2020.

The following are the details of the transactions withdrawn:

PARTICULARS	AMOUNT (Rs. in Crores)
1. Civil Work expenditure incurred on behalf of SPV	139.08
2. Grants from GoI	(55.71)
3. Balance with Union Bank of India	57.04
4. Interest income in Bank account	(0.66)
<b>TOTAL</b>	<b>139.75</b>

The value of land pertaining to the SPV is retained in the books of APIIC Limited only as the land is neither physically handed over nor legally transferred to the SPV as on the date of Balance Sheet. Further, the amounts received from the entrepreneurs upto the end of the year towards allotment of land in respect of the allotments for which Sale Agreement/ Lease Deed is yet to be executed are retained in the books of APIIC Ltd only and the same



will be transferred to the SPV on execution of Sale Deed/ Lease Deed in favour of allottees as the legal liability vests with APIIC only till execution of Sale Deed/ Lease Deed. Further, the infrastructure portion cost out of the total allotment value in respect of the allotments for which Lease Deed/ Sale Agreement executed are retained in the books of APIIC Ltd and exhibited as Due to SPVs.

**5.2.6** During the year the company has released unsecured loans to a tune of Rs.235.00 Crores i.e., Rs.220.00 Crores to Andhra Pradesh Airport Development Corporation Limited for land acquisition for development of Bhogapuram International Airport and Rs.15.00 Crores to YSR Steel Corporation Limited (Formerly AP High Grade Steels Limited as per the instructions of GoAP vide Lr. No INI01-APAD/19/2020-Airports, dated 07.08.2020 of Infrastructure and Investment Department and Lr. No.1208356/2020/A1-INFRA-INDS, dated 03.09.2020 of Industries & Commerce (Infra) Department respectively.

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>5.3 OTHERS</b>		
Public Deposit Account	1,498.65	1,758.70
Securities against Guarantees	17.02	16.00
Accrued int. on Fixed Deposits	2.59	1.30
Others	68.99	52.38
<b>TOTAL</b>	<b>1,587.25</b>	<b>1,828.38</b>
<b>6 OTHER NON - CURRENT ASSETS</b>		
<b>6.1 CURRENT TAX ASSETS (NET)</b>	<b>36.91</b>	<b>28.25</b>
<b>6.2 OTHER NON - CURRENT ASSETS</b>		
Due from GoAP	157.35	139.27
Taxes paid under protest	57.31	57.31
Security Deposits (Unsecured)	0.66	0.55
Deposit towards Land Acquisition	378.22	828.08
Others	31.93	22.02
<b>TOTAL</b>	<b>625.47</b>	<b>1,047.23</b>
<b>CURRENT ASSETS</b>		
<b>7 INVENTORIES</b>		
<b>(As certified by the management)</b>		
Construction materials	0.46	0.46
Stock in trade - Land	3,088.03	2,708.39
Leased Land	28.15	0.09
Stock in Trade - Development	0.27	131.78
Stock in Trade - Development (Leased Lands)	135.25	43.80
<b>Sub-Total</b>	<b>3,252.16</b>	<b>2,884.52</b>
Work - in progress	407.93	329.37
<b>TOTAL</b>	<b>3,660.09</b>	<b>3,213.89</b>

#### 7.1 Government Lands:

The company is taking possession of Government Lands at various places in the state pending alienation orders from the Government of Andhra Pradesh. Pending alienation orders, the lands taken possession are being capitalised in the Books of Accounts on provisional basis. Further, the Government of Andhra Pradesh vide G.O. Ms. No. 106 dated 16.03.2017 of Industries and Commerce Department ordered for allotment of government lands to the company at free cost. As such, the government lands taken possession during the year is capitalised provisionally at a nominal cost of Re. 1/- per acre pending alienation orders. Where specific alienation orders are received in respect of government lands handed over to the company during the year, the same were capitalised at the rate / amount mentioned in the alienation orders.

Accordingly, an extent of 765.66 acres of pure Government vacant land was taken possession during the year (7,884.9 acres upto the end of the previous year) at free of cost.

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>8 FINANCIAL ASSETS</b>		
<b>8.1 TRADE RECEIVABLES</b>		
(Unsecured and Considered Good)		
Debts exceeding 12 months	41.26	42.47
Other debts	16.99	16.79
	58.25	59.26
Less: Provision for doubtful debts	32.41	26.89
<b>TOTAL</b>	<b>25.84</b>	<b>32.37</b>

The age wise analysis for the sundry debtors was done based on the date of invoice. Provision for doubtful debts is created as per Accounting Policy No.2.18 of the company.

#### 8.1.1 TRADE RECEIVABLES AGEING SCHEDULE

Outstanding for following periods from due date of payment	Undisputed - Considered Good (Rs. In Crores) as on	
	31.2.2022	31.2.2021
Less than 6 months	12.42	9.23
6 months - 1 year	4.57	7.56
1-2 Years	10.26	9.06
2-3 years	2.62	7.73
More then 3 Years	28.38	25.68
<b>Total</b>	<b>58.25</b>	<b>59.26</b>

There are no Undisputed Trade Receivables which has significant increase in credit risk, credit impaired and no Disputed Trade Receivables of all kinds.

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>8.2 CASH AND BANK BALANCES</b>		
<b>I) CASH AND CASH EQUIVALENTS</b>		
Balance in Bank Accounts	51.65	56.82
Balance with Banks - Estates	20.79	7.07
Cash in Transit	0.00	2.82
<b>Bank Deposits less than 3 months</b>		
Fixed Deposits	0.00	0.00
Securities against Guarantees	0.84	0.54
Accrued interest on Fixed Deposits	0.03	0.11
<b>SUB-TOTAL</b>	<b>73.31</b>	<b>67.36</b>
<b>II) BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS</b>		
<b>Earmarked Balances with Banks</b>		
Bank Accounts - Govt. Grants	133.04	62.55
<b>Bank Deposits more than 3 months and less than 12 months</b>		
Fixed Deposits	34.35	34.25
Securities against Guarantees	8.27	9.00
Accrued interest on Fixed Deposits	0.20	0.25
<b>SUB-TOTAL</b>	<b>175.86</b>	<b>106.05</b>
<b>TOTAL</b>	<b>249.17</b>	<b>173.41</b>

**8.2.1** During the previous year, the company has deposited an amount of Rs.450.00 crores into the PD Account of the Corporation as per the instructions of the GoAP.

**8.2.2** Fixed Deposits include the following amounts held with the banks mentioned against each towards collateral Security in respect of Bank Guarantees arranged by the company upto the end of the year

	(Rs.in Crores)		
NAME OF THE BANK	AMOUNT INVESTED	COLLATERAL SECURITY	FREE HOLD AMOUNT
Andhra Bank, Ring Road Branch, Vijayawada	0.29	0.20	0.09
HDFC Bank, Gurunanak Colony Branch, Vijayawada	4.40	3.91	0.49
Canara Bank, SME Branch, Vijayawada	21.17	20.60	0.57
Kotak Mahindra Bank, Governorpet Branch, Vijayawada	0.27	0.27	0.00
<b>TOTAL</b>	<b>26.13</b>	<b>24.98</b>	<b>1.15</b>

<b>8.3 LOANS</b>		(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>Secured and Considered Good:</b>			
Loans & Advances to related Parties		2.04	0.00
Advances to Staff		0.17	0.34
<b>Sub-total</b>		<b>2.21</b>	<b>0.34</b>
<b>Unsecured and Considered Good:</b>			
Advances to Staff		0.01	0.01
Loans to Other PSUs		235.00	235.00
Interest free Loans & Advances to Staff & Others		0.49	0.26
<b>Sub-total</b>		<b>235.50</b>	<b>235.27</b>
<b>TOTAL</b>		<b>237.71</b>	<b>235.61</b>
		(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>8.4 OTHERS</b>			
Due from TSIC		8.33	8.33
Due from GoAP		77.14	77.14
Other Advances		1.52	1.55
<b>TOTAL</b>		<b>86.99</b>	<b>87.02</b>
<b>8.4.1</b> The company availed the facility of moratorium in respect of payment of principal and interest for the period from March-2020 to August-2020 as announced by the Reserve Bank of India vide their circular no. RBI/2019-20/186, dated 27.03.2020. Accordingly, an amount of Rs.77.14 crores payable as interest to the 3 banks was capitalised in the previous year. Since, GoAP have agreed to repay the entire term loan, the amount of Rs.77.14 crores is shown as Due from GoAP - Interest on Loans.			
<b>9 OTHER CURRENT ASSETS</b>		(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
Tax Deducted at Source		26.52	22.05
MAT Credit		3.59	3.59
Other advances		10.28	13.44
<b>TOTAL</b>		<b>40.39</b>	<b>39.08</b>
<b>9.1</b> MAT Credit Receivable comprises of amounts relating to F.Y 2014-15 Rs.3.59 crores			
<b>10 AP REORGANISATION ADJUSTMENT ACCOUNT</b>		<b>225.62</b>	<b>225.62</b>
<b>11 EQUITY SHARE CAPITAL</b>			
<u>Authorised Capital</u>			
2,00,000 equity shares of Rs. 1000/- each		20.00	20.00
<u>Issued,Subscribed and Paid up Capital</u>			
Equity Shares of Rs. 1000/- each		9.52	9.52
<b>Total 95,222 equity shares of Rs. 1000/- each</b>		<b>9.52</b>	<b>9.52</b>
<b>11.1</b> Details of Shareholders holding more than 5% (percent) shares in the Company:			
		As at 31st March, 2022 No. of shares	As at 31st March, 2021 No. of shares
Governor of Andhra Pradesh (100% holding)		95222	95222
<b>11.2</b> The Company has only one class of shares i.e., equity shares ranking pari passu with all respects including entitlement of dividend, voting and repayment of capital. Each equity share carries one vote.			
		(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>11.3 NON CONTROLLING INTEREST</b>			
Atchutapuram Effluent Treatment Limited		11.54	13.64
A P Gas Infrastructure Corporation P Ltd		0.00	0.00
Krishnapatnam International Leather Complex P Ltd.		0.00	0.00
<b>TOTAL</b>		<b>11.54</b>	<b>13.64</b>

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>NON-CURRENT LIABILITIES:</b>		
<b>12 FINANCIAL LIABILITIES</b>		
<b>12.1 BORROWINGS - Secured</b>		
Term Loans from Banks	1,665.98	1,999.07
Long term maturities of Lease Obligation	0.40	0.39
Interest accrued but not due (Payable from 2022-23)	51.50	82.76
<b>TOTAL</b>	<b>1,717.88</b>	<b>2,082.22</b>

#### 12.1.1 Loan from NTPC and RINL:

As per the minutes of VIWSCO Board meeting dated 19.11.2012, loans drawn from RINL, NTPC & VMC were restructured by VIWSCO. As per the restructuring plan i) rate of interest is 10% pa on principal outstanding, ii) Loan is repayable in ten equal yearly instalments commencing from 2012-13, iii) Outstanding interest and outstanding penal interest as on 31.03.2011 together called as ""Funded Interest"" payable in ten equal yearly instalments starting from 2012-13, iv) Yearly interest payment commencing from 2012-13 is deferred till loan amount is fully paid by 2021-22 as ""Deferred yearly interest"", v) Deferred yearly interest outstanding as on 31.03.2022 is payable in five equal yearly instalments commencing from 2022-23, vi) Funded interest and deferred yearly interest will not carry any interest. The Government of Andhra Pradesh vide G.O. Ms. No.24, Dt:25.02.2016 accepted the proposal as agreed in the minutes of the meeting held on 19.11.2012 duly approving the agreed terms and conditions for repayment of loan, outstanding interest, penal interest and yearly interest. The supplementary agreements are to be executed by the company.

VIWSCO is directly servicing the loan to RINL and NTPC from time to time and no entries are passed in the books of accounts of APIIC for servicing of interest as it has no impact on the Profit and Loss statement. The figures adopted are from the annual accounts of VIWSCO by making necessary entries in the books of accounts during the year and the loans from RINL and NTPC includes accrued interest repayable from 2022-23.

VIWSCO has created the first charge on its assets to RINL and NTPC for the loan amount.

As at the beginning of the year, there is no outstanding balance due towards principal in respect of RINL, NTPC and GVMC.

#### 12.1.2 Loan from Banks

During the F.Y 2017-18, an amount of Rs.2,000.00 crores was borrowed as long term loan for land acquisition and infrastructure development in four projects at monthly MCLR with repayment period of 12 years after completion of moratorium period of 3 years from the date of availment from the following three banks. The Government of Andhra Pradesh have given Guarantee for principal and interest thereon in respect of the loans availed from all the three banks vide G.O. Ms No.83 dated 06.06.2017 of Industries and Commerce (Infra) Department No Security was given by the company for availing the loans.

NAME OF THE BANK	(Rs.in Crores)			
	F.Y 2021-22		F.Y 2020-21	
	PRINCIPAL	ACC. INTEREST	PRINCIPAL	ACC. INTEREST
Union Bank of India (Principal - Rs.500 crores)	445.75	0.00	487.41	2.83
Canara Bank (Principal - Rs.750 crores)	686.20	0.00	748.59	4.31
Bank of India (Principal - Rs.750 crores)	700.57	0.00	763.07	4.77
<b>TOTAL</b>	<b>1,832.52</b>	<b>0.00</b>	<b>1,999.07</b>	<b>11.91</b>

The Government of Andhra Pradesh while giving Guarantee to the banks for the loan amount of Rs.2,000.00 crores requested the company to remit Guarantee Commission @ 2% on the total loan amount. Accordingly an amount of Rs.10.00 crores was remitted to the account of the Government during the previous year towards Guarantee Commission on loan availed from Union Bank of India and the balance amount of Rs.30.00 crores was adjusted during the previous year against the amount due from Government of Andhra Pradesh towards expenditure incurred in respect of Somasila Water Supply Scheme.

Out of the total loan amount, an amount of Rs.520.00 crores was held with the corporation and Rs.1,480.00 crores was deposited in the PD Account of the corporation as per the instructions of the Government of Andhra Pradesh vide Lr. No.21025/23/CM/2017, dated 02.01.2018 of Finance (DM) Department. The interest component on the loan amount deposited in the PD Account is being serviced by Government of Andhra Pradesh by release of amount to the PD Account of the company. Accordingly, during the year an amount of Rs.90.68 crores (Previous Year Rs.335.99 crores) was received from GoAP. Out of the total funds released by GoAP, an amount of Rs.29.39 crores was lapsed on 31.03.2022 and the balance available is Rs.NIL as at the end of the year.

An amount of Rs.513.10 crores (Previous Year Rs.354.75 crores) was incurred towards land acquisition and others out of the loan amount upto the end of the year. Further, an amount of Rs.428.72 crores (Previous Year Rs.410.35 crores) was incurred towards land acquisition and infrastructure works for KIA Motors as per the instructions of Government of Andhra Pradesh vide G.O. Ms No.125 dated 14.09.2017 of Industries and Commerce (Infra) Department upto the end of the year.

#### LOAN REPAYMENT SCHEDULE :

NAME OF THE BANK (Principal & Moratorium Interest)	Total No. of Quarterly Instalments	Instalment Value (Rs. In Crore)	No. of Instalments Due & Paid	Balance No. of Instalments
Union Bank of India (Rs.500 crores+Rs.18.66 Crores)	48	10.417	7	41
Canara Bank (Rs.750 crores+Rs. 29.78 Crores)	48	15.625	6	42
Bank of India (Rs.750 crores + Rs. 28.69 Crores)	48	15.625	5	43

The no. of Quarterly instalments pertains to the original loan amount borrowed. The installments and other terms in respect of Moratorium interest capitalised during the F.Y.2020-21 due to Covid-19 Pandemic is yet to be communicated by the Bankers.

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>12.2 OTHER FINANCIAL LIABILITIES</b>		
Due to GoAP - Land	1,350.86	1,176.23
Other Liabilities	73.41	60.83
<b>TOTAL</b>	<b>1,424.27</b>	<b>1,237.06</b>
<b>13 PROVISIONS</b>		
<b>Provision for leave Benefits</b>		
As per the last balance sheet	9.83	9.54
Add: Additions during the year	9.60	9.83
Less: Payments/adjustments during year	9.83	9.54
<b>TOTAL</b>	<b>9.60</b>	<b>9.83</b>

**13.1** The Board of APIIC authorised the Vice Chairman and Managing Director of both the divisions to finalise the modalities and allocation of employees in its 202nd meeting held on 26.03.2015. Accordingly, final allocation of employees to APIIC Limited and TSIIC Limited was made which is subject to scrutiny and approval of the committee appointed/ guidelines issued if any by the Central Government for allocation of employees of PSUs. The assignment of division of employees was entrusted to the expert committee vide G.O. Rt. No. 2066, Dt: 26.09.2016.

The Final Allocation of Employees between APIIC Limited and TSIIC Limited was approved by the Expert Committee on 21.08.2018. The same was forwarded by the Government of Andhra Pradesh to the Government of India for concurrence. Pending concurrence from Government of India, the provision in respect of leave benefits was made in respect of the employees allocated and working in APIIC Limited as at the end of the Financial Year.

#### 14 DEFERRED TAX LIABILITIES (NET)

As per Indian Accounting Standards (Ind AS - 12) on Income Taxes, the deferred tax liability as on 31st March comprises the following:

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
Deferred Tax Liability	9.92	7.83
Less: Deferred Tax Asset	2.72	2.58
<b>Net Deferred Tax Liability (Asset)</b>	<b>7.20</b>	<b>5.25</b>

#### 15 OTHER NON - CURRENT LIABILITIES

Funds from ITE & C Department	30.73	57.79
Deposit towards works undertaken	216.86	215.83
Deposits towards Lease Premium - SEZ & NON SEZ	1,095.86	1,082.75
Land Conversion Charges	262.93	262.93
Advance Receipt - Lease & ORS	308.20	47.14
Other liabilities	266.15	169.78
<b>TOTAL</b>	<b>2,180.73</b>	<b>1,836.22</b>



### 15.1 Deposit towards works undertaken:

The Company has been executing civil works on behalf of various Departments/ Undertakings of State and Central Governments. These works which are in various stages of completion are in possession of the Company and they are to be handed over to the respective Departments after their completion. The amounts of unspent balance outstanding are shown under Deposits towards works undertaken.

During the year, the company has made a provision for Bad Debts to a tune of Rs.17.09 crores (Previous Year Rs.16.99 crores) in respect of the amounts receivable from other Government Departments as per the comments of C & AG on the accounts of the company for the F.Y 2018-19 (Refer note No. 8.1)

### 15.2 Land Conversion Charges:

As per the AP Non Agricultural Land (conversion for non agricultural purpose) Act, 2006, conversion charges are payable by the owner or occupier for conversion of agricultural land. The company sought exemption from the Government of Andhra Pradesh from levy of conversion charges for the lands acquired by the company. Pending receipt of decision of the Government, an amount of Rs.262.93 crores was retained in the books of accounts towards conversion charges. However the company has not made provision for conversion charges where lands are allotted on as is where is basis (UDL) as the allottees are required to pay / seek exemption in respect of conversion charges.

During the year 2018, section 7 of the AP Non Agricultural Land (conversion for non agricultural purpose) Act, 2006 was amended as "in section 7 of the principal Act, after item (f), the following item shall be added namely - (g) Lands allotted to the Andhra Pradesh Industrial Infrastructure Corporation (APIIC)". Accordingly, the Government of Andhra Pradesh issued notification vide G.O Ms. No.98, dated 19.02.2018. Accordingly, no provision was made towards conversion charges in books of accounts from the F.Y 2015-16 to 2017-18.

The corporation has requested GoAP for clarification on non applicability of conversion charges to APIIC Limited with retrospective effect. Pending clarification, the existing provision as at the end of the previous year is retained in the Books of Accounts.

### 15.3 Assistance to States For Developing Export Infrastructure & Allied Activities (ASIDE):

The Government of India formulated a scheme namely "Assistance to States For Developing Export Infrastructure & Allied Activities (ASIDE)" for involvement of States in export efforts. Under this scheme, funds to the State are directly disbursed to State Level Nodal Agency by Government of India. In this process, no funds were received from Government of India during the year and previous year.

### 15.4 Industrial Infrastructure Upgradation Fund (IIDF):

Government of Andhra Pradesh created a fund called IIDF for taking up infrastructure works wherever there is no provision to take up such works under regular budget. Under this Scheme, no funds were received from Government during the year and previous year.

### 15.5 Grants received from Government of India for implementation of projects / schemes

The Government of India have sanctioned various projects/ Schemes for which grants were received by the corporation the details of which are as follows:

(Rs.in Crores)		
SCHEME	2021-22	2020-21
EMC-I, Vikruthamala	0.00	9.31
YSR EMC, Koppaathy	105.00	0.00
MSECDP	6.00	0.00
<b>TOTAL</b>	<b>111.00</b>	<b>9.31</b>

### 15.6 Deposit towards Lease Premium - SEZ & Non SEZ

The amounts received from allottees towards up front cost in respect of lease allotments in SEZ and Non SEZ Area which are treated as Operating Lease are exhibited under Deposit towards Lease Premium - SEZ & Non SEZ after amortisation of the up Front cost as revenue from year to year.

CURRENT LIABILITIES	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>16 FINANCIAL LIABILITIES</b>		
<b>16.1 BORROWINGS</b>		
Term Loan from Banks	166.54	0.00
Accrued interest on Loan from Banks	0.00	11.91
<b>TOTAL</b>	<b>166.54</b>	<b>11.91</b>



	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>16.2 TRADE PAYABLES</b>		
Trade Payables	64.92	135.35
<b>TOTAL</b>	<b>64.92</b>	<b>135.35</b>

#### 16.2.1 TRADE PAYABLES AGEING SCHEDULE

Outstanding for following periods from due date of payment	Undisputed - Other then MSME (Rs. In Crores) as on	
	31.2.2022	31.2.2021
Less than 1 Year	39.46	64.38
1-2 Years	2.54	65.42
2-3 years	17.82	5.52
More then 3 Years	5.10	0.03
<b>TOTAL</b>	<b>64.92</b>	<b>135.35</b>

There are no Undisputed Trade Payables in respect to MSME and no Disputed Trade Payables

#### 16.3 OTHER FINANCIAL LIABILITIES

Other Liabilities	452.80	650.25
<b>TOTAL</b>	<b>452.80</b>	<b>650.25</b>

**16.3.1** The partywise schedules in respect of deposits received from allottees is under review and reconciliation. Deposits received from allottees includes EMD of Rs.58.71 crores (Previous Year - Rs.70.40 crores).

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>17 OTHER CURRENT LIABILITIES</b>		
Deposits received from allottees	1,396.88	1,439.62
Other Current Liabilities	36.45	33.12
<b>TOTAL</b>	<b>1,433.33</b>	<b>1,472.74</b>

**17.1** The company sold industrial plots at Visakhapatnam on behalf of M/s Vizag Apparel Park. Accordingly, an amount of Rs.5.60 crores is included in other current liabilities as Due to textile department i.e., M/s Vizag Apparel Park. The same is under reconciliation with the company.

**17.2** The Party wise schedules in respect of deposits received from allottees is under review and reconciliation. Deposits received from allottees includes EMD of Rs. 58.71 crores ( Previous Year - Rs. 7.40 crores)

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>18 PROVISIONS</b>		
<b>(a) PROVISION FOR EMPLOYEE BENEFITS</b>		
<b>18.1 Provision for leave Benefits</b>		
As per the last balance sheet	0.43	0.80
Add: Additions during the year	1.20	0.43
Less: Payments/adjustments during year	0.43	0.80
<b>Sub-total</b>	<b>1.20</b>	<b>0.43</b>
<b>(b) OTHERS</b>		
<b>18.2 Provision for PS charges</b>		
As per the last balance sheet	6.36	5.61
Add: Additions during the year	3.65	0.75
Less: Payments/adjustments during year	0.00	0.00
<b>sub-total</b>	<b>10.01</b>	<b>6.36</b>
<b>18.3 Provision for Contractual Obligations</b>		
As per the last balance sheet	931.42	1,043.30
Add: Additions during the year	0.00	0.00
Less: Adjustments made during year	102.95	111.88
<b>sub-total</b>	<b>828.47</b>	<b>931.42</b>
<b>18.4 Provision for taxation</b>		
As per the last balance sheet	33.81	19.94
Add: Additions during the year	8.47	13.87
Less: Payments/adjustments during year	0.00	0.00
<b>sub-total</b>	<b>42.28</b>	<b>33.81</b>

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>18.5 Provision for Writedown of Inventories</b>		
As per the last balance sheet	0.73	0.73
Add: Additions during the year	0.00	0.00
Less: Payments/adjustments during year	0.00	0.00
<b>sub-total</b>	<b>0.73</b>	<b>0.73</b>
<b>18.6 Other Provisions</b>		
As per the last balance sheet	2.65	1.44
Add: Additions during the year	0.47	1.21
Less: Payments/adjustments during year	0.00	0.00
<b>sub-total</b>	<b>3.12</b>	<b>2.65</b>
<b>TOTAL</b>	<b>885.81</b>	<b>975.40</b>

**18.6** Provision for write down of inventories was made in earlier years towards old balances of Inventories, Hire Purchase Sheds and Houses - Stock included under inventories (refer note no. 7)

## 18.7 CONTINGENT LIABILITIES AND COMMITMENTS

### Contingent Liabilities

S.No.	PARTICULARS	31.03.2022 (Rs.in crores)	31.03-2021 (Rs.in crores)
a.	Claims against the company not acknowledged as debts	0.00	0.00
b.	Guarantees	24.98	23.07
c.	Other money for which the company is contingently liable :		
	i) Income Tax Demands	47.65	10.69
	ii) Service Tax Demands	0.00	0.00
	iii) Legal cases	367.23	342.35
	iv) Conversion Charges	574.61	574.61
	<b>TOTAL</b>	<b>989.49</b>	<b>927.65</b>
	<b>GRAND TOTAL</b>	<b>1014.47</b>	<b>950.72</b>

### Commitments

S.No.	PARTICULARS	31.03.2022 (Rs.in crores)	31.03.2021 (Rs.in crores)
a.	Other Commitments	345.17	192.37
	<b>Total</b>	<b>345.17</b>	<b>192.37</b>

## 18.8 RATIOS

RATIOS	CURRENT YEAR	PREVIOUS YEAR	% OF VARIANCE
Current Ratio = Current Asset / Current Liabilities	4300.19 / 3003.4 1.43	3781.38 / 3245.65 1.17	22.22%
Debt-Equity Ratio = Total Debt / Share holder's Equity	1884.42 / 520.829 3.62	2094.13 / 458.259 4.57	20.79%
Debt Service Coverage Ratio	~~~~~ NOT APPLICABLE ~~~~~		
Return on Equity (ROE) = ( Net Profits after taxes - Preferred Dividend) / Average Share holder's Equity	(65.16-0) / 520.829 0.13	(61.06-0) / 458.259 0.13	0.00%
Inventory Turnover Ratio = Cost of goods Sold / Average Inventory	77.81 / 3436.99 0.02	101.76 / 3429.71 0.03	33.33%
Trade Receivables Turnover Ratio = Net Credit Sales / Average Accounts Receivables	~~~~~ NOT APPLICABLE ~~~~~		
Trade Payable Turnover Ratio = Net Credit Purchases / Average Trade Payables	~~~~~ NOT APPLICABLE ~~~~~		
Net Capital Turnover Ratio = Net Sales / Working Capital	148.12 / 1296.79 0.11	204.76 / 535.73 0.38	71.05%
Net Profit Ratio = Net Profit / Net Sales	65.16 / 148.12 0.44	61.06 / 204.76 0.3	46.67%
Return on Capital employed (ROCE) = EBIT / Capital Employed	75.58 / 2415.17 0.03	77.62 / 2560.22 0.03	0.00%

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
<b>19 REVENUE FROM OPERATIONS</b>		
Sale of Land, Sheds, lease etc... less Sales Returns	67.37	204.38
Revenue from Lease of Land (Non-SEZ)	80.75	0.38
Interest, Lease, other rental income	30.85	12.39
Water Demands	57.72	39.12
Interest on Hire Purchase, ORS and lease	0.00	0.00
Other Operating Revenue	44.54	13.59
<b>TOTAL</b>	<b>281.23</b>	<b>269.86</b>
<b>20 OTHER INCOME</b>		
Interest Income	7.32	22.30
Dividend	1.00	0.06
Other non operating income	24.85	24.27
Income/ (loss) from Joint Ventures/ Associates	49.87	38.15
<b>TOTAL</b>	<b>83.04</b>	<b>84.78</b>
<b>EXPENDITURE</b>		
<b>21 COST OF SALES</b>		
Cost of sales - Land, Sheds & Less Cost of Returns	2.50	75.33
Cost of Sales - Lease	74.05	0.53
Infra Expenditure on Concessional Allotments	1.26	25.90
<b>TOTAL</b>	<b>77.81</b>	<b>101.76</b>
<b>22 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Allowances	41.87	35.22
Contribution towards Provident and other Funds	2.32	2.92
Staff Welfare Expenses	0.83	1.16
<b>TOTAL</b>	<b>45.02</b>	<b>39.30</b>
<b>22.1</b> Salaries and Allowances includes managerial remuneration		
<b>22.2</b> The Company is holding a policy with Life Insurance Corporation of India for payment of Gratuity to the employees retired on attaining the age of super annuation or expired during the service for which the company pays annual premium to LIC of India which is charged off in the accounts.		
Further, the Government of India vide Notification No.1283, dated 29.03.2018 issued orders that the amount of gratuity payable to an employee under the said act shall not exceed Twenty lakh rupees. The corporation has considered payment of gratuity as per the provisions of the Payment of Gratuity Act since inception. During the F.Y 2018-19, an amount of Rs.4.97 crore was provided in the books of accounts towards additional liability towards enhancement of Gratuity from Rs. 0.10 crore to Rs.0.20 crore. The same is retained in the books of accounts till the end of the year.		
<b>22.3 Managerial Remuneration to Directors</b>	<b>For the year 2021-22 Rs. in crores</b>	<b>For the year 2020-21 Rs. in crores</b>
Salaries and Allowances	0.40	0.85
Medical Expenses	0.02	0.00
Rent	0.10	0.06
<b>TOTAL</b>	<b>0.52</b>	<b>0.91</b>
<b>23 FINANCE COST</b>		
Interest on Term Loans from banks	0.00	0.00
Interest cost on Lease Liability	0.04	0.04
<b>TOTAL</b>	<b>0.04</b>	<b>0.04</b>
<b>24 OTHER EXPENSES</b>		
(a) Rebate to allottees on Land Cost	4.58	30.31
(b) Repairs and Maintainance	0.91	0.45
(c) Expenditure on ERP & Others	1.78	0.97
(d) Infrastructure Expenditure on IT Industrial Promotion	7.64	8.82
<b>(e) ADMINISTRATION &amp; GENERAL EXPENSES</b>		
Travelling Expenses	0.52	0.51
Rent	0.21	0.10
Rates and taxes	0.47	0.01
Vehicle Maintenance	4.24	3.32
Electricity Charges	4.62	4.18

	(Rs.in Crores) As at 31-3-2022	(Rs.in Crores) As at 31-3-2021
Water charges	20.02	17.70
R&M - Estates, Preliminary Land Survey Etc.,	5.66	14.06
Insurance	0.05	0.04
Interest expenses	17.30	0.20
Security Service - Establishment Expenses	12.31	9.21
Professional & Retainer Charges	19.33	5.37
Expenditure on Social Welfare	0.22	0.20
Provision for Bad and Doubtful Debts	5.51	18.52
Other expenses	44.91	14.87
<b>Sub-Total</b>	<b>135.37</b>	<b>88.29</b>
<b>TOTAL (a + b + c + d + e)</b>	<b>150.28</b>	<b>128.84</b>

24.1	Other Administrative expenses includes the following auditors' remuneration:	(Rs.in lakshs) As at 31-3-2022	(Rs.in lakshs) As at 31-3-2021
	Statutory Audit fee	0.03	0.03
	Out of pocket expenses	0.01	0.01
	Fee for Audit of Consolidation of Accounts	0.01	0.01
	Others	0.00	0.00
	<b>TOTAL</b>	<b>0.05</b>	<b>0.05</b>

**24.2** Outstanding provision in respect of expenditure is made excluding GST component as input tax credit will be claimed at a later date as per the provisions of GST Act.

**24.3** No provision was made in the Books of Accounts during the year and previous year towards Payment of Interest on GST duly adjusting the Input Tax Credit to the Output GST as per the company's calculations which will be finalised on completion of GST Audit and filing of GST Annual Return for the F.Y 2021-22.

**24.4** As per section 135 of the Companies Act, 2013, the company is required to spend an amount of Rs. 0.74 crores during the year (P.Y - Rs.0.68 crores) towards expenditure on Corporate Social Responsibility. Accordingly, during the year an amount of Rs.0.22 crore (P.Y - Rs.0.20 crore) was spent towards Corporate Social Responsibility for Construction of waiting room, Compound Wall & shelter in burial Ground (Rs.0.15 crores) and Supply of medical infrastructure requirements to COVID patients in nagari Assembly constituency (Rs.0.07 crores)

The amount of short fall at the end of the year out of the amount required to be spent by the company during the year is Rs. 0.52 crores (P.Y-Rs.0.48 Crores)

## 25 Demerger Scheme:

The business of the company was reorganised and segregated into Andhra region and Telangana region as per the provisions of the AP Reorganisation Act, 2014, w.e.f 02.06.2014 consequent to bifurcation of the erstwhile state of Andhra Pradesh. A new company namely TSIIC Limited was incorporated on 04.09.2014 under the Companies Act, 2013 and took over the Telangana Division of APIIC w.e.f 02.06.2014.

The company prepared demerger scheme as per the provisions of AP Regorganisation Act, 2014 and the same was approved by the joint Board represented by the Govt. of Andhra Pradesh and Telangana in its 199th meeting held on 02.05.2014 and 202nd meeting held on 26.03.2015 duly authorising the Vice Chairman and Managing Directors of both AP and TS Divisions to make necessary modifications. The same was reviewed and approved by the expert committee constituted by the Government for the purpose and was sent to both the Governments for approval vide its letter dated 16.05.2015.

The Board of APIIC further authorised the Vice Chairman and Managing Director of both the divisions to finalise the modalities and allocation of employees in its 202nd meeting held on 26.03.2015. Accordingly, final allocation of employees to APIIC Limited and TSIIC Limited was made which is subject to scrutiny and approval of the committee appointed/ guidelines issued if any by the Central Government for allocation of employees of PSUs. The assignment of division of employees was entrusted to the expert committee vide G.O. Rt. No. 2066, Dt: 26.09.2016.

The orders on approval of the Demerger Scheme is yet to be issued by the Government (s). Pending issue of orders from both the Governments, the assets, liabilities, employees and proceedings of Telangana were transferred and vested with TSIC Limited. The Accounts were prepared considering the demerger scheme approved by the expert committee and necessary entries were made in the books of accounts accordingly. The entries made are subject to review, reconciliation and modification.

The Assets and Liabilities pertaining to operational units were apportioned on location basis and pertaining to Head Quarters were apportioned on population basis. Investments are apportioned on location basis where the projects are located in a specific region and in case of projects having multiple units falling within the territories of states of Andhra Pradesh and Telangana on population basis.

Book value of total assets of Rs. 3,734.90 crores and liabilities of Rs. 3,509.31 crores as on 01.06.2014 were transferred and vested with Telangana region i.e., TSIC Limited as a part of bifurcation of the state, the details of which are mentioned below. As per the Demerger Scheme, an amount of Rs. 225.60 crores is receivable from TSIC Limited which is shown under AP Reorganisation adjustment A/c.

<b>EQUITY AND LIABILITIES</b>	<b>(Rs. In crores)</b>
1. Share Capital	6.81
2. Reserves and Surplus	203.09
3. Long term borrowings	24.29
4. Other Long term liabilities	246.42
5. Long term provisions	5.09
6. Trade Payables	0.58
7. Other current liabilities	2,778.95
8. Short term Provisions	244.07
9. AP Reorganisation adj. account	225.60
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,734.90</b>

<b>ASSETS</b>	<b>(Rs. In crores)</b>
1. Tangible Assets	128.13
2. Non-current Investments	267.36
3. Long term loans and advances	1,744.29
4. Inventories	1,440.59
5. Trade receivables	18.51
6. Cash and Cash equivalents	51.30
7. Short term loans and advances	1.11
8. Other Current Assets	83.61
<b>TOTAL ASSETS</b>	<b>3,734.90</b>

**26** The Government of Andhra Pradesh entrusted certain Local Authority powers to the Company like collection of Property Tax, maintenance of Common facilities in respect of certain Industrial Parks and Industrial Development Areas. The local authority powers are vested with APIIC Industrial Area Local Authority (IALA) for each industrial area and the income and expenditure in this regard is being accounted for in the books of accounts maintained by the respective IALAs and hence not accounted for in the accounts of the Company.

**27** Loan from RINL and NTPC are in substance guarantee by the company to RINL and NTPC on behalf of VIWSCO and Govt. of AP. There are no net cash flows in this regard.

## **28 Basis of Consolidation**

Subsidiaries are entities (including special purpose entities) that are controlled by the Company. The Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the equity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. For the purpose of preparing the consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and require unanimous consent for strategic financial and operating decisions. A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Associates are those entities over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is generally presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investments in associates and joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to zero and the recognition of further losses are discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing the consolidated financial statements. Unrealised gains or losses arising from the transaction with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

## 29 Financial Information of Subsidiary Companies:

### Atchutapuram Effluent Treatment Limited (AETL):

Particulars	Rupees in Crores	
	31.03.2022	31.03.2021
Authorised Share Capital (5,00,000 Equity Shares of Rs. 10/- each)	66.00	66.00
Issued,Subscribed and paid up capital: (1,00,000 Equity Shares of Rs. 10/- each fully paid)	55.89	55.89
Reserves and Surplus (Grants in Aid)	(11.98)	(3.99)
<b>Total assets</b>	86.18	87.37
<b>Total Liabilities</b>	42.27	35.47

### Andhra Pradesh Gas Infrastructure Company Limited (APGIC) :

Particulars	Rupees in Crores	
	31.03.2022	31.03.2021
Authorised Share Capital (10,00,00,000 Equity Shares of Rs. 10/- each)	100.00	100.00
Issued,Subscribed and paid up capital: (4,00,00,000 Equity Shares of Rs. 10/- each fully paid)	55.44	55.44
Reserves and Surplus	(133.58)	(133.46)
<b>Total assets</b>	319.70	287.21
<b>Total Liabilities</b>	397.84	365.23

### Krishnapatnam International Leather Complex Private Limited (KPILC):

Particulars	Rupees in Crores	
	31.03.2022	31.03.2021
Authorised Share Capital (5,00,000 Equity Shares of Rs. 10/- each)	0.50	0.50
Issued,Subscribed and paid up capital: (1,00,000 Equity Shares of Rs. 10/- each fully paid)	0.10	0.10
Reserves and Surplus (Grants in Aid)	36.59	37.09
<b>Total assets</b>	77.96	77.15
<b>Total Liabilities</b>	41.27	39.96



**30 Investments in Atchutapuram Effluent Treatment Limited :**

The company has invested an amount of Rs.11.66 crores in Atchutapuram Effluent Treatment Limited towards 49% of equity upto the end of the year as per the orders of Government of Andhra Pradesh vide GO Ms No.135, dated 18.10.2016 of Industries and Commerce (Infra) Department for which Equity Shares were allotted. During the previous year, it was decided to increase the share holding to 74% of the equity duly converting the loan component into Equity. Accordingly, 2,68,43,985 Equity Shares of Rs.10/- each were allotted to the company during the previous year making the total share holding as 72.32% upto the end of the year. Further, during the year the company has invested an amount of Rs.2,65,50,250/- for which 26,55,025 equity shares of Rs.10/- each were allotted during the year. Accordingly, the total investment as at the end of the year is Rs.41,15,88,000/-.

**31 Investment in A P Gas Infrastructure Corporation P Limited**

As per the directions of Government of AP in G.O. Ms. No. 222 of Industries & Commerce (INF) Department dated 09.10.2009, the Corporation has acquired 51% of equity (Rs.27.17 crores) in Andhra Pradesh Gas Infrastructure Corporation (P) Ltd upto the end of the previous year.

An amount of Rs. 24.45 crores was written off in the books of accounts duly retaining Rs. 2.72 crores (i.e., 10% value in investment of 2,71,66,000 equity shares @ Rs. 10/- each) in the earlier years towards investment in APGIC as the subsidiary company had incurred losses continuously. Further, an amount of Rs.2.72 crores was provided towards impairment of investments upto the end of the year as the subsidiary has incurred further losses. In addition, an amount of Rs.4.02 crores (Previous Year Rs.1.21 Crores) towards amounts released to APGIC for day to day expenses & other dues receivable from APGIC P Ltd., was provided as Bad Debts upto the end of the year.

The company holds 51% of shareholding and APGENCO holds 49% of share holding in APGIC as per the Go. Ms. No.222, dated 09.10.2009 of Industries and Commerce (INF) Department whereas the percentage of shareholding of the company as per the books of the subsidiary is 49%. The change of shareholding percentage as per the financial statements of the subsidiary company i.e., 51% for APGENCO and 49% for APIIC is purely temporary. Further, APGENCO has treated its share as 49% and did not consider APGIC as subsidiary while preparing consolidated financial statements.

As the shareholding percentage in the subsidiary as per the books of the accounts of the company and the above Government Order is 51% and as that of APGENCO is 49% as per their financial statements, the company has considered APGIC as subsidiary and consolidated financial statements were prepared accordingly as per INDAS 110 – Consolidated Financial Statements."

**32. Investment in Krishnapatnam International Leather Complex (P) Ltd.,**

As per the directions of Government of Andhra Pradesh, an amount of Rs. 5,10,000/- was invested in Krishnapatnam International Leather Complex Pvt. Ltd., towards 51% equity contribution.

**33.** The balances in Receivables, creditors and various advances are subject to reconciliation/confirmations and adjustments, if any. Such adjustments, in the opinion of the management, are not likely to be material and will be carried out as and when ascertained.

**34.** Previous year's figures have been regrouped/ reclassified / rearranged wherever necessary and have been rounded off to crores.

AS PER OUR REPORT EVEN DATE  
for POLINENI ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 0061325

Sd/-  
M V S R PRASAD  
PARTNER  
M. NO.: 029076

PLACE : MANGALAGIRI  
DATE : 27.12.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-  
SRIJANA GUMMALA, IAS  
VICE CHAIRMAN &  
MANAGING DIRECTOR  
DIN:08500020

Sd/-  
M SIVA S REDDY  
COMPANY SECRETARY  
M.No. F9078

Sd/-  
M GOVINDA REDDY  
CHAIRMAN  
DIN:01216133

Sd/-  
P V SUBBA REDDY  
CHIEF GENERAL MANAGER (F)i/c

DATE : 27.12.2022



**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

(Rs. in Crores)

Particulars	Current Year (2021-22)	Previous Year (2020-21)
<b>Cash flows from operating activities:</b>		
Net profit before taxation and exceptional items	75.58	77.62
Add: Adjustments for:		
Depreciation and amortisation	15.54	7.08
Dividend Income	(1.00)	(0.06)
Interest Expenses	(0.04)	(0.04)
Profit / loss on sale of fixed assets	0.00	0.00
<b>Operating profit before working capital changes</b>	<b>90.08</b>	<b>84.60</b>
Add: Adjustments for:		
Inventories	(228.98)	(142.71)
Trade receivables	97.05	52.29
Other current and non current assets	54.90	(217.01)
Loans and advances	(32.31)	(258.53)
Payables, liabilities and provisions	219.61	(56.00)
<b>Net Cash Flow from operating activity before Income tax</b>	<b>200.35</b>	<b>(537.36)</b>
Add: Income tax paid	(8.00)	(23.65)
<b>Net Cash Flow from operating activities before exceptional items</b>	<b>192.35</b>	<b>(561.01)</b>
Add: Exceptional item	0.00	0.00
<b>Net Cash Flow from operating activities (I)</b>	<b>192.35</b>	<b>(561.01)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of fixed assets	(37.76)	(103.10)
Purchase of investments	(79.87)	(38.15)
Dividend income	1.00	0.06
Sale of fixed assets	0.00	0.00
<b>Net cash flow from investing activities (II)</b>	<b>(116.63)</b>	<b>(141.19)</b>
<b>Cash flow from financing activities:</b>		
Proceeds from issuance of share capital	0.00	0.00
Proceeds from long term borrowings	0.00	0.00
Interest paid on long term borrowings	0.04	0.04
<b>Net cash flow from financing activities (I + II + III)</b>	<b>0.04</b>	<b>0.04</b>
<b>Net increase in cash and cash equivalents</b>	<b>75.76</b>	<b>(702.16)</b>
Cash and cash equivalents at the beginning of the year	173.41	875.57
Cash and cash equivalents at the end of the year	249.17	173.41
<b>This is the Cash flow statement referred to in our report</b>		

AS PER OUR REPORT EVEN DATE

for POLINENI ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 FIRM REG. NO.: 0061325

Sd/-  
 M V S R PRASAD  
 PARTNER  
 M. NO.: 029076

PLACE : MANGALAGIRI  
 DATE : 27.12.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-  
 SRIJANA GUMMALA, IAS  
 VICE CHAIRMAN &  
 MANAGING DIRECTOR  
 DIN:08500020

Sd/-  
 M SIVA S REDDY  
 COMPANY SECRETARY  
 M.No. F9078

Sd/-  
 M GOVINDA REDDY  
 CHAIRMAN  
 DIN:01216133

Sd/-  
 P V SUBBA REDDY  
 CHIEF GENERAL MANAGER (F)i/c

DATE : 27.12.2022

# Independent Auditor's Report

To  
The Members of  
**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
Mangalagiri.

## I. Report on the Audit of the Consolidated IND AS Financial Statements

### 1. Qualified Opinion

**A.**We have audited the accompanying Consolidated Ind AS financial statements of **M/s. Andhra Pradesh Industrial Infrastructure Corporation Limited** (the "Corporation"), and its share of profit(s) of its associates, which comprise the Consolidated Balance Sheet as at 31 March 2022, the consolidated Statement of Profit and loss (including Other Comprehensive Income), the Consolidated Cash Flow statement and the Consolidated Statement of Changes in Equity for the year ended on that date and notes to the Consolidated Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information (herein-after referred to as "Consolidated Ind AS Financial Statements").

**B.**In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the aforesaid Consolidated Ind AS 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 Consolidated State of affairs (Financial Position) of the Corporation as at 31 March 2022, and its Consolidated Profit (Financial Performance including total comprehensive income), its Consolidated cash flows and the Consolidated changes in equity for the year ended on that date.

### 2. Basis for Qualified Opinion

**A.**A.We conducted our audit in accordance with the Standard 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 "Consolidated Ind AS Financial Statements" section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 qualified opinion on the Consolidated Ind AS financial statements.

**B.**We draw attention to the matters described below and the effects/ possible effects of those matters could not be reasonably determined/quantified, on the elements of accompanying Consolidated Ind AS Financial Statements.

**a) Equity Share Capital:** Current year amount of Rs.9.52 Crores (Previous Year Rs.9.52 Crores)

*The Equity Share Capital of Rs.9.52 Crores (Previous Year Rs.9.52 Crores) is subject to reconciliation with the Government of Andhra Pradesh (Refer Note No:11)*

**b) Other Equity:** Capital Reserve: Current Year Rs.57.58 Crores (Previous Year Rs.57.58 Crores)

*An amount of Rs.7.58 Crores received from the Government of Andhra Pradesh as Share Capital vide G.O Nos 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999 and 224 dated 28.05.2002 pending for many years is classified as Capital Reserve. In our opinion, this needs to be classified as share capital pending allotment (Refer to Statement of changes in consolidated equity)*

**c) Deposits Received from Allottees:** Current year Rs.1396.82 Crores (Previous Year Rs. 1439.62 Crores)

*This includes unreconciled amounts with Head office and Zonal offices which are yet to be reconciled (Refer Note No: 17)*

S.No.	Name of the Zone	Rs. in crores
1.	Head office	11.01
2.	Vijayawada	61.16
	<b>TOTAL</b>	<b>72.17</b>

**d) Non Conformity of Indian Accounting Standards 115, Revenue Recognition–Sale of Land, Sheds etc. Rs. 204.76 Crores (Previous Year Rs. 492.70 Crores): (Refer Note No. 2.10)**

Under Ind AS 115, Revenue Income Recognition is on Five Step Model as gisted hereunder:

**1. Identify the contracts with the customers**

An entity shall account for a contract with a customer only when all of the following criteria are met -

- the contract is approved and parties are committed to perform their respective obligation,
- entity can identify each party's rights regarding the goods or services to be transferred,
- entity can identify the payment terms for the goods or services to be transferred,
- the contract has commercial substance,
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

**2. Identifying separate performance obligations**

Identify as a Performance obligation being a promise to transfer to a customer -

- A good or service (or bundle of goods or services) that is distinct or
- A series of goods or services that are substantially the same and are transferred in the same way
- If a promise to transfer a good or service is not distinct from other goods & services in a contract, then the goods or services are combined into a single performance obligation.

Satisfaction of performance obligations

- An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

**3. Determine the Transaction Price**

- The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.
- For the purpose of determining transaction price, an entity shall assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified.

**4. Allocate the transaction price to the performance obligations**

- The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation (or distinct goods or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.
- Allocation of transaction price can be done proportionately based on stand-alone selling prices. The stand-alone selling price is the price at which an entity would sell a promised good or service separately to a customer

**5. Revenue Recognition when performance obligations are satisfied**

- Performance obligation is satisfied over time or at a point in time.
- Performance obligation is satisfied over time if one of the criteria is met out of three:
  - ✓ The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
  - ✓ The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or
  - ✓ The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.
- Based on above the Revenue Recognition for a performance obligation is done over time if one of the criteria is met out of three else Revenue Recognition for a performance obligation is done at a point in time.

**Satisfaction of performance obligations:** An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

For each performance obligation identified, determine at contract inception whether it satisfies the performance obligation over time or at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

***Thus Revenue is to be recognized basis the Steps indicated in the Ind AS 115 as above.***

***Refer Accounting Policy No. 2.1:*** The Corporation recognized revenue with regard to Sale of land, shed and buildings on execution of sale agreement and handing over physical possession of the premises. With respect of sale of land, the completion of contractual performance obligations is treated as satisfied over period of time as per IND AS 115.

***Our Audit Qualification:***

(A) The Corporation recognized revenue as per Ind AS 115 basis ‘satisfied over period of time’. In such an event the disclosures as to the computation and components are required to be furnished in the ‘notes to accounts’ for arriving at the amounts disclosed as Sales. The Corporation has not furnished the workings in that regard.

(B) Pursuant to Ind AS 115, to adopt the criteria of recognizing income basing on ‘Performance Obligation satisfied over period of time’ Vis-à-vis ‘at a point in time’, the following should be evaluated:

In our opinion, under circumstances of Para 35 to Ind AS 115, Performance Obligation is not satisfied over time.

a. The reason is that the customer is not simultaneously receiving and consuming the benefit provided by corporation as the corporation perform them.

i.e, The part completed / constructed real estate unit is not consumed immediately / simultaneously as work progresses

b. Further the corporation performance is not creating/enhancing an Asset that the customer controls as the Asset is created/enhanced.

Although the customer can resell or pledge its right, it is unable to sell without holding legal title to it

Customer has no ability to direct the construction or structural design

Assuming that customer has legal right to replace (infact, this is not the case here at all) the Corporation only if Corporation fails to perform as promised, (protective but no control)

Exposure to changes in market value of real estate may indicate that customer has ability to obtain all of the remaining benefits from the unit. However, it does not give ability to direct the use of unit as created

c. Further the corporation performance is creating an Asset with alternative use to the corporation and the corporation has enforceable right to payment for performance completed to the date.

The Corporation cannot change or substitute the unit specified in the contract with the customer. The customer can enforce its right if the Corporation sought to direct the asset for another use as long as the customer holds to the observance of the covenants.

However, Corporation does not have enforceable right to payment for the performance completed to date (except for certain recoveries) as the customer has the legal right to cancel the contract with right to refund and/or in the event of default on the part of the Customer, the Corporation has right to termination and forfeiture or recovery of penalty, etc compensations which of them cannot compensate the Corporation for the performance completed till date.

(Hence, it may be concluded under the facts that though, Corporation does not have enforceable right to payment for the performance completed to date as the customer has the legal right to cancel the contract and termination penalty cannot compensate the Corporation for the performance completed till date)



- d. In view of non satisfaction of Para 35 of Ind AS 115 (i.e., Discussion at (a) to (c) above) that the criteria remaining to be applied is Para 38 and the revenue recognition is based on Performance Obligation satisfying at a point in time.
- e. If a performance obligation is not satisfied overtime, an entity/Corporation satisfies the performance obligation at a point in time. [Para 38 (a) to 38 (e) of Ind AS 115]

Indicators are as under:

- i. The entity/Corporation has present right to payment for the asset
- ii. The customer has legal title to the asset
- iii. The entity has transferred physical possession of the asset
- iv. The customer has the significant risks and rewards of ownership of the asset i.e., execution of sale deed in favour of customer
- v. The customer has accepted the asset

- f. Basis, the discussion at para (e) above, Revenue can be recognised at a point in time, after the event at para ((e)(ii)) above, i.e., upon execution of the Registered Sale Deed in favour of the customer.

As the Corporation has not arrived the income recognition based on above evaluation i.e., ‘satisfied at a point in time’, and in the light of the foregoing, the corporation has not adhered to Ind AS-115 “Revenue From Contracts With Customers” while adapting the Revenue recognition policy.

Hence, in view of the above, we are not in a position to comment on accuracy of the income recognition and its impact on Profit and loss account and Balance sheet.

**e. Non-Conformity of Indian Accounting Standards 116 Revenue Recognition–**

- **Revenue from Lease of Land (Non-SEZ) Rs. 80.75 Crores (Previous Year Rs. 0.38 Crores): (Refer Note No. 2.10 read with Note No. 19)**
- **Interest, Lease, Other Rental Income Rs. 30.85 Crores (Previous Year Rs.12.39 Crores) [Includes Interest on Others Rs 2.33 Crores (Previous Year is Debit Balance i.e., (-) Rs 10.33 Crs): (Refer Note No. 2.10 read with Note No. 19)**

Under Ind AS 116, with respect to the Finance Leases, the Revenue Recognition and measurement is as gisted hereunder (as contained in Pars 67 to 70 of the Ind AS 116, extracted):

**“Recognition and measurement**

67. At the commencement date, a lessor shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

**Initial measurement**

68. The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease....
69. Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease; there is no need to add them separately.

Initial measurement of the lease payments included in the net investment in the lease

70. At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:



- a) Fixed payments (including in-substance fixed payments as described in paragraph B42), less any lease incentives payable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option (assessed considering the factors described in paragraph B37); and
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease”

Under Ind AS 116, with respect to the Finance Leases and/or operating leases, the Disclosure requirements are as gisted hereunder (as contained in Pars 89 to 97 of the Ind AS 116, extracted):

#### **“Disclosure**

89. The objective of the disclosures is for lessors to disclose information in the notes that, together with the information provided in the balance sheet, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessor. Paragraphs 90–97 specify requirements on how to meet this objective.
90. A lessor shall disclose the following amounts for the reporting period:
- (a) for finance leases:
    - i) selling profit or loss;
    - ii) finance income on the net investment in the lease; and
    - iii) income relating to variable lease payments not included in the measurement of the net investment in the lease.
  - (b) For operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.
91. A lessor shall provide the disclosures specified in paragraph 90 in a tabular format, unless another format is more appropriate.
92. A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 89. This additional information includes, but is not limited to, information that helps users of financial statements to assess:
- (a) the nature of the lessor’s leasing activities; and
  - (b) how the lessor manages the risk associated with any rights it retains in underlying assets. In particular, a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.

#### **Financialeases**

93. A lessor shall provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.
94. A lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessor shall reconcile the undiscounted lease payments to the net investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value.

## **Operating leases**

95. For items of property, plant and equipment subject to an operating lease, a lessor shall apply the disclosure requirements of Ind AS 16. In applying the disclosure requirements in Ind AS 16, a lessor shall disaggregate each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, a lessor shall provide the disclosures required by Ind AS 16 for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor.
96. A lessor shall apply the disclosure requirements in Ind AS 36, Ind AS 38, Ind AS 40 and Ind AS 41 for assets subject to operating leases.
97. A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.”

**Thus, Revenue is to be recognized, measured and disclosed basis the Ind AS 116 as above.**

### **Refer Accounting Policy No. 2.1:**

*Treatment of lease allotments and revenue recognition:*

*Lease allotments are treated in the following manner:*

- A) *The allotments made on Lease basis with buyout option is treated as Finance Lease.*
- B) *All other Allotments including SEZs without buyout option is treated as Operating Lease.*

*Revenue recognition in respect of Lease allotments:*

- A) *Non-Lease Component i.e., Infrastructure development is recognized as revenue in the year in which lease deeds are executed or in the year in which the expenditure is incurred whichever is later*
- B) *Lease Component i.e., Land portion is recognized as revenue duly amortising over the lease term*

### **Our Audit Qualification:**

***The Corporation has adopted Ind AS 116 for the First time in the current year i.e., financial year 2021-22***

- A) *At the commencement date, the Corporation has not recognised assets held under finance lease in its balance sheet and did not present the same as receivables at an amount equal to the net investment in lease in accordance with Ind AS 116.*
- B) *The Corporation had not provided the workings and disclosures in respect of Finance Lease in accordance with Ind AS 116 either in a tabular format, or in another format that will be more appropriate than the tabular format*
- C) *Disclosures on Operating Leases: The Corporation in the status of Lessor in case of operating leases required to disclose maturity analysis of future minimum lease rental receivables in respect of non-cancellable operating leases along with description about the broad identification of leased assets and their range of lease tenures as well as the amount of total contingent rents recognized as leases as at the year end. This is in accordance with Ind AS 116 disclosure requirements. The Corporation has not disclosed the said information as required by the Ind AS 116.*

Hence, in view of the above, we are not in a position to comment on accuracy of the income recognition and its impact on Profit and loss account and Balance sheet.

### **f. APIIC Food Park (Krishna District) Limited:**

*An amount of Rs. 1,00,000/- made towards investment in APIIC Food Park (Krishna District) Limited shown as “Deposit towards share application money” under Note: 5.1(B) (Financial Accounts (Non – Current Assets)). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per clause “a” subsection 4 of section 56 of the Companies Act, 2013). If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of twelve percent per annum from the expiry of sixtieth day (As per sub section 6 of section 42 of the Companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act*

**g. Tirupati Electronics Manufacturing Cluster Limited (EMC-II):**

*An amount of Rs. 10,00,000/- made towards investment in Tirupati Electronics Manufacturing Cluster Limited shown as “Deposit towards share application money” under Note: 5.1(B) (Financial Accounts (Non – Current Assets)). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per clause “a” subsection 4 of section 56 of the Companies Act, 2013). If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of twelve percent per annum from the expiry of sixtieth day (As per sub section 6 of section 42 of the Companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.*

**3. Emphasis of Matter:**

We draw attention to the following matters in the Notes to the Ind AS financial statements:

**1) Non-Confirmation of Balances:**

Attention is drawn to note no.33 to the Consolidated Financial Statements, in respect of Receivables, Creditors and various advances (Note No.’s: 8.1 & 16.2) wherein external confirmations of the balances are not available and thus not reconciled. Due to non-availability of confirmation of balances, we are unable to quantify the impact, if any, arising from the confirmation of balances.

**2) GST Liability :**

Attention is drawn to (Note No: 24.3) which states the information submitted in GST returns for the year are yet to be co-related with the books of accounts. The amount of interest payable if any could not be quantified. The consequential impact of the above matters is known only when the issues are resolved

**3) Finalisation and approval of accounts for the year 2021-22 pending adoption of accounts of the previous year by the shareholders in the AGM**

Pending adoption of the revised accounts of the previous financial year, the Corporation has finalised and approved the accounts for the FY 2021-22 to clear the arrears in accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

**4) Treatment of transactions pertaining to Industrial Area Local Authority:**

As per the information and explanation given to us, the guidelines for the functioning of Industrial Area Local Authorities (IALAs) states that IALAs will be exercising the functions of a Municipal Corporation/Municipality/Gram Panchayat with a condition that 35% or 50% of property tax collected is remitted to the parent local body. Zonal Manager is responsible for proper reconciliation and accounting of the revenues generated by IALA and the expenditure incurred. Accordingly, IALAs are preparing their Income and Expenditure accounts separately.

Further, a reference is invited to Note No: 26 of the financial statements, wherein it was stated that “The Government of Andhra Pradesh entrusted certain Local Authority powers to the Company like collection of Property Tax, maintenance of Common facilities in respect of certain Industrial Parks and Industrial Development Areas. The local authority powers are vested with APIIC Industrial Area Local Authority (IALA) for each industrial area and the income and expenditure in this regard is being accounted for in the books of accounts maintained by the respective IALAs and hence not accounted for in the accounts of the Company”.

Further as per the information and explanation given to us, the assets and liabilities, profit or losses of IALAs have not been brought into the books of account and these transactions are not clubbed/consolidated in the Financial Statements. **(Refer Note No: 26)**

**5) Non-availability of Share Certificates:**

*A reference is invited to Note No. 5.1 in the ‘Notes to standalone Financial Statements’ wherein the investments of the Company in equity shares of other companies was disclosed. During verification of the respective certificates, it was observed that the certificates in respect of the following Companies were not available.*

S.No	Name of the Company	Nature of investment/ No. of Shares –AP State portion (after apportioning the total shares between AP and Telangana in population ratio)	Percentage of holding	Amount of investment (₹ in crore)
	Hyderabad Information Technology Venture Enterprises Ltd.	Equity Shares – 12145 Nos.	4.86 %	0.01
	Cyberabad Trustee Company (P) Ltd.	Equity Shares – 2429 Nos.	4.86 %	0.00
	Cyberabad Trustee Company (P) Ltd. – HIVE Fund	Units – 449 Nos.	--	1.12

#### 4. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified Opinion Section, we have determined that there are no other key audit matters to communicate in our report.

#### 5. Information other than the Consolidated Ind AS Financial Statements and Auditor's Report thereon.

- A. The Corporation's management is responsible for the preparation of the other information. The other information comprises the information included in director's report and annexure but does not include the Consolidated Ind AS financial statements and our auditor's report thereon. The director's report and annexure is expected to be made available to us after the date of this auditor's report. Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- B. In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

#### 6. Responsibility of Management and Those Charges with Governance for the Consolidated Ind AS financial statements

- A. The Corporation's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the state of affairs (Financial position), Consolidated Profit or Loss (financial performance including other comprehensive income), Consolidated cash flows and changes in Consolidated equity of the Corporation in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 the Act, read with relevant Rule issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation 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 Consolidated Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

- B. In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Corporation's financial reporting process



## **7) Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

- A)** Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Consolidated Ind AS financial statements.
- B)** As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- i) Identify and assess the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Corporation has adequate internal financial controls system in place and the operating effectiveness of such controls
  - iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
  - v) Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
- C)** We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- D)** We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Other Matters

The Consolidated Ind AS financial statements include the corporation share of net profit of Rs.23.90 Crores including other comprehensive income for the year ended 31.03.2022 as considered in consolidated Ind AS financial statements, in respect of its subsidiaries, joint ventures and associates, whose financial statements have not been audited by us. These financial statements have been/will have to be audited by the other auditors whose reports except A P Gas Infrastructure Corporation Limited; Atchuthapuram Effluent Treatment Limited; Krishnapatnam International Leather Complex Pvt Ltd; and AP-ADE Manufacturing Parks Private Limited, have been furnished to us by the management and our opinion on consolidated Ind AS financial statements, is so far it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates and our report in terms of sub section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirement below, is not modified in respect of above matters with respect to our reliance on the work done and the reports of the other auditors furnished to us by the management.

## II. Report on Other Legal And Regulatory Requirements

1. As required by the Companies(Auditor's Report) Order, 2020(the "Order") issued by the Central Government of India in terms of Section 143(11) of the Act,the statement on the matters specified in paragraph 3(xxi) of the Order furnished hereunder:

There have been qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements. The details of the companies and the paragraph numbers of the CARO report containing the qualifications or adverse remarks are as under.

S.No	Name of the Entity	CIN	Holding Company / Subsidiary / Associates / Joint Venture	Clause number of the CARO report which is qualified or adverse
1.	NICDIT Krishnapatnam Industrial City Development Limited	U45200AP2018PLC108963	Joint Venture	Paragraph 3; clauses No's (iii)(a); (iii)(b), (iii)(c), (iii)(d),: (iii)(e); (vii)(a);
2.	AP Gas Distribution Corporation Limited	U11100AP2011SGC106844	Associate Company	Paragraph 3; clause No (x)(b)
3.	Ace Urban Hitech City Limited	U70102TG2007PLC053938	Associate Company	Paragraph 3; clause No (i)(c)
4.	Adani KP Agri Ware Housing Company Private Limited	U63023AP2014PTC093639	Associate Company	Paragraph 3; clause No (xii)



The audit reports of A P Gas Infrastructure Corporation Limited; Atchuthapuram Effluent Treatment Limited; Krishnapatnam International Leather Complex Pvt Ltd; and AP-ADE Manufacturing Parks Private Limited have not been received

The other paragraphs of the Order are not applicable on Consolidated Ind AS financial statements.

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 of the aforesaid Consolidated Ind AS financial statements;
- B. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated financial statements have been kept by the Corporation so far as it appears from our examination of those books and the reports of the other auditors;
- C. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated cash flow statement and the Consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account for the purpose of the Consolidated Ind AS financial statements;
- D. Except for the matters described in “Basis for Qualified Opinion” paragraph, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued thereunder,
- E. In accordance with Notification No. G.S.R. 463 (E), dated 5 June 2015, the requirement of section 164(2) of the Companies Act, 2013 is not applicable to Government Companies.
- F. With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in **Annexure-“A”**; and
- G. As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Corporation.
- H. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of 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 Corporation has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements as at 31.03.2022.
  - ii. The Corporation and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Corporation and its associates;
  - iv.a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity (“intermediaries”), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entity, including foreign entity, with the understanding, whether recorded in writing or otherwise, that

the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (“Ultimate Beneficiaries”) or provide any guarantee, Security or the like on behalf of the Ultimate Beneficiaries.

v. The Company has neither declared nor paid any dividend during the year.

- 3.(a) Based on the comments in the auditors’ reports of the Holding Company and the subsidiary companies as referred to in Para 7 “Other Matters” above, we report that a paragraph on the directions issued by Comptroller and Auditors General of India in terms of section 143(5) of the Act has been included in respect of the auditors’ report of Holding Company and its subsidiaries. Accordingly we report on the directions issued by the Comptroller and Auditor General of India in terms of section 143(5) of the Act in **Annexure –“B”**.
- (b) Based on the comments in the auditors’ reports of the Holding Company and the subsidiary companies as referred to in Para 7 “Other Matters” above, we report that a paragraph on the sub-directions issued by Office of Principal Accountant General (Audit), Andhra Pradesh in terms of section 143(5) of the Act has been included in respect of the auditors’ report of Holding Company and its subsidiaries. Accordingly we report on the directions issued by the Office of Principal Accountant General (Audit), Andhra Pradesh in terms of section 143(5) of the Act in **Annexure –“I”**. The sub-directions marked as General are included along with the sub-directions related to the specific sectors being determined based on judgment as applicable to the Holding Company and its subsidiaries based on their nature of the business transactions.

For POLINENI ASSOCIATES  
Chartered Accountants  
Firm Registration Number: 006132S

Sd/-  
(M V S R Prasad)  
Partner  
Membership Number: 029076  
UDIN:23029076BGXTMO5988

Place: Guntur  
Date: 27-12-2022

## **ANNEXURE – “A” TO THE INDEPENDENT AUDITOR’S REPORT**

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013(“the Act”)**

(Referred to in Paragraph II(2)(F) of ‘Independent Auditor’s Report’ of our report of even date)

We have audited the internal financial controls over financial reporting of **M/s. ANDHRA PRADESH INDSUTRIAL INFRASTRUCTURE CORPORATION LIMITED**(“the Corporation”) as at 31st March 2022 in conjunction with our audit of the ConsolidatedInd AS financial statements of the Corporation and its associates for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Corporation and its associate’s managementsare responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these Corporation 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 (“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 Corporation’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.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Corporation’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 ICAI. 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 internal financial control 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 judgement, including the assessment of the risks of material misstatement of the ConsolidatedInd AS 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 Corporation's internal financial controls system over financial reporting.

### **Meaning of Internal Financial controls over Financial Reporting**

A Corporation'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 Corporation'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 Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the Consolidated Ind AS 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 misstatement 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.

### **Qualified Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal controls stated in the guidance note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For POLINENI ASSOCIATES  
Chartered Accountants  
Firm Registration Number: 006132S

Sd/-  
(M V S R Prasad)  
Partner  
Membership Number: 029076  
UDIN: 23029076BGXTMO5988

Place: Guntur  
Date: 27-12-2022

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in Paragraph II(3) of our ‘Independent Auditor’s Report’ of even date) to the members of **M/s. ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED** (the “Holding Company” / “Corporation”) on the Consolidated Ind AS Financial Statements of the Corporation for the year ended on 31<sup>st</sup> March 2022.

Report under section 143(5) of the Companies Act, 2013

<b>S.No</b>	<b>Audit Observations</b>	<b>Reply</b>
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	In the case of the Corporation, IT Enabled Program is under the process of development. At present all the accounting transactions are not being processed through IT system.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	There are no such cases of an existing loan or cases of waiver/write off of debts/loans/interest etc being made by a lender to the Corporation due to the inability of the Corporation inability to repay the loan during the year by the Corporation.
3.	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	As explained to us, the funds received/ receivable by the Corporation for specific schemes from Central/ State or its agencies have been properly accounted for/ utilized as per respective terms and conditions.

For POLINENI ASSOCIATES  
Chartered Accountants  
Firm Registration Number: 006132S

(M V S R Prasad)  
Partner  
Membership Number: 029076  
UDIN:23029076BGXTMO5988

Place: Guntur  
Date: 27-12-2022



### **ANNEXURE "I" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in Paragraph II(3)(b) of our 'Independent Auditor's Report' of even date) to the members of **M/s. ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED** (the "Holding Company" / "Corporation") on the Consolidated Ind AS Financial Statements of the Corporation for the year ended on 31<sup>st</sup> March 2022.

Report under section 143(5) of the Companies Act, 2013 pursuant to the sub-directions issued by the Office of Principal Accountant General (Audit), Andhra Pradesh,

<b>S.No</b>	<b>Audit Observation</b>	<b>Reply</b>
<b><u>General Sub-Directions u/s. 143(5) of the Act</u></b>		
1.	In case of works executed with the funds of Central or State government(s)/other user department(s) or their agencies, whether there is conclusive evidence that the assets created will be the assets of the PSU? If not, the accounting treatment of the funds received, utilised, returned, assets created up to and during the year (work-in- progress or completed), assets handed over to the fund-giving agency up to and during the year, assets impaired, if any, and the revenue/ commission/ cartage realised on these works, with full quantitative details may be detailed.	As explained to us by the Corporation, in case of works executed with the funds of Central or State government(s)/other user department(s) or their agencies, there is conclusive evidence that the assets created will be the assets of the PSU.
2.	Where Grants are received from Central or State government(s)/other user department(s) or their agencies, a) Where grants are taken as revenue for the year, whether the concerned orders are clear that the funds can be utilised for revenue expenditure; b) Where guarantee commission is to be paid, the quantitative details viz., amount guaranteed rate of guarantee commission, whether the commission was paid or Payable along with the details of the purpose of raising the funds with guarantee and whether the funds were utilised for the stated purpose;	As explained to us by the Corporation:  No grants are taken as revenue for the year by the Corporation.  No guarantee commission is paid/payable during the year by the Corporation.
3.	Whether any long term liability is undertaken against an asset of finite lifetime, whether there is a clear accounting policy thereon (for instance, land obtained on lease for a specified period (Whether renewable or non-renewable) but shares issued in lieu of the land lease)	As explained to us by the Corporation, no long term liability is undertaken against an asset of finite lifetime by the Corporation during the year.
4.	Whether the corresponding expenditure on which the taxes paid/ payable are accounted in the financial statement is also included appropriately.	The corresponding expenditure on which the taxes paid/ payable are accounted in the financial statements and also included appropriately.

5.	<p>Where there is a public deposit account in the name of the PSU? If yes,</p> <p>a) Where there is a public deposit account erroneously/ lapsed by the treasury, but claimed by the company as receivable/ its own funds;</p> <p>b) If any funds given by any government or agencies other than the state government were lapsed, the details of the same may be detailed;</p> <p>c) Details of the funds raised through loans (with or without government guarantee) and deposited in PD Account; Purpose of the loans And whether the purpose is initiated/ completed;</p> <p>d) Whether suitable disclosure on the restrictions or additional permission required on withdrawing the funds in PD Accounts is included or not;</p> <p>e) The quantitative details of the bills sent for clearing against the PD account balances but not cleared/ returned unpaid as on the reporting date along with age-wise analysis;</p>	<p>As explained to us by the Corporation:</p> <p>a) During the year, there is no public deposit account which is erroneously/ lapsed by the treasury and claimed by the company as receivable/its own funds.</p> <p>b) During the year, no funds are received by Corporation from any government or agencies other than the state government.</p> <p>c) During the year, no funds raised through loans (with or without government guarantee) and deposited in PD Account.</p> <p>d) No suitable disclosure on the restrictions or additional permission required on withdrawing the funds in PD Accounts is included in Notes to Accounts by the Corporation.</p> <p>e) The quantitative details of the bills sent for clearing against the PD account balances but not cleared (no bills returned unpaid) as on the reporting date and the ageing as under: Total : Rs 62.76 Crores; out of which Outstanding for more than six months and less than one year is Rs 58.40 Crores. Remaining amount of Rs 4.36 crores is outstanding for less than 6 months</p>
6.	<p>Where funds are raised by the Company And the payment of principal or Interest or both are met by the State Government or its agencies, directly or indirectly, the details and the purpose of these loans may be stated along with the fact whether the funds were utilised for the stated purpose</p>	<p>In the case of funds raised by the Company in earlier years, the payment of principal and Interest are met by the State Government through Public Deposit Account of the Corporation upto the Financial year 2021-22.</p> <p>The details and the purpose and utilisation particulars are as per Note No. 12.1.2 of the Notes to Accounts read with our Audit Report at Annexure – A, Para ix(c).</p>
7.	<p>Whether the land owned by the Company is encroached, under litigation, not put to use or declared surplus. Details may be provided.</p>	<p>As per the Information and explanations provided by the Management, no land owned by the Corporation (Classified under ‘Plant, Property and Equipment’) is encroached, or under litigation;or, remained not put to use or declared surplus.</p>
8.	<p>Whether the inventory has been taken on the basis of physical verification after adjustment of shortage/ excess found and whether due consideration has been given for deterioration/ obsolescence in the quality which may result into overvaluation of stock?</p>	<p>As per the Information and explanations provided by the Management, in the case of the inventory other than land, the same has been taken on physical verification after adjustment of shortage/ excess found and after due consideration for deterioration/ obsolescence in the quality.</p>

9.	Whether the cost incurred on abandoned projects has been written off?	As per the Information and explanations provided by the Management, there are no abandoned projects during the year.
10.	Cases of wrong accounting of interest earned on account of non- utilization of amounts received for certain projects/ schedules may be reported.	As per the Information and explanations provided by the Management, there are no cases of wrong accounting of interest earned on account of non- utilization of amounts received for certain projects/ schedules.
11.	Whether the bifurcation plan (between Andhra Pradesh & Telangana States), if any, for the Company is finalised and approved; Whether the accounting treatment as per the plan and the suitable detailed disclosures are given. Deviations may be stated.	As per the Information and explanations provided by the Management, the bifurcation plan (between Andhra Pradesh & Telangana States), for the Corporation is finalised and approved by the expert committee, and pending approval with the Government/s. The accounting treatment of the Corporation is as per the above approved plan and suitable detailed disclosures are given at Note No. 25 of Notes to Accounts. No Deviations are found.
<b><u>Infrastructure Sector Specific Sub-Directions u/s. 143(5) of the Act as applicable to the Corporation</u></b>		
1.	Whether the Company has taken adequate measures to prevent encroachment of idle land owned by it. Whether any land of the Company is encroached, under litigation, not put to use or declared surplus? Details may be provided.	As per the Information and explanations provided by the Management, the Corporation has taken adequate measures to prevent encroachment of idle land owned by it. (Classified under 'Inventory') We are unable to determine whether any land of the Company is encroached, under litigation, not put to use or declared surplus.
2.	Whether the system in vogue for identification of projects to be taken up under public private partnership is in line with the guidelines / policies of the Government? Comment on deviation if any.	As per the Information and explanations provided by the Management, there is system in vogue for identification of projects to be taken up under public private partnership is in line with the guidelines / policies of the Government. As per the Information an there are no deviations in this regard.
3.	Whether system for monitoring the execution of works vis-à-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues / losses from contracts, etc., have been properly accounted for in the books.	As per the Information and explanations provided by the Management, a system for monitoring the execution of works vis-à-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues / losses from contracts, etc., have been properly accounted for in the books.
4.	Whether the bank guarantees have been revalidated in time?	As per the Information and explanations provided by the Management, bank guarantees have been revalidated in time
5.	The cost incurred on abandoned projects may be quantified and the amount actually written -off shall be mentioned.	As per the Information and explanations provided by the Management, there are no abandoned projects during the year.

<b>Industrial Promotion Specific Sub-Directions u/s. 143(5) of the Act as applicable to the Corporation</b>		
1.	Describe the deviations from the system of payment for land acquisition including compensation under Resettlement & Rehabilitation of the State Government Cases of land disputes should be mentioned.	As per the Information and explanations provided by the Management, there are no deviations from the system of payment for land acquisition including compensation under Resettlement & Rehabilitation of the State Government Cases of land disputes.
2.	Is the system of sanction, disbursement and recovery of industrial loan effective? State the cases of deviations from rules, regulations and policies in regard to rescheduling, waiver of loans/ interest and One Time Settlement schemes etc.	As per the Information and explanations provided by the Management, no industrial loans are extended by the corporation.
3.	Examine and state the system of allotment of industrial plots sheds including recovery of instalment from the allottees. What is the system of imposing penalty due to delay in setting up of business or starting business other than the one for which the allotment was made	As per the Information and explanations provided by the Management, the corporation frames Allotment Regulations from time to time based on the state Industrial Promotion Policy. The allotments, recovery of instalments and imposing penalties will be done as per the Allotment Regulations.
4.	The system of managing the default cases shall be examined. Have all steps to remedy the situation taken within the prescribed time limits? The cases of non-compliance to established system shall be detailed.	As per the Information and explanations provided by the Management, all steps to remedy the situation is taken within the prescribed time limits as per the Allotment Regulations
5.	Examine and provide the details of liability, if any, on account of delay in handing over of any project to allottees and its consequent accounting.	As per the Information and explanations provided by the Management, during the year, no liability incurred on account of delay in handing over of the projects to allottees.
6.	State the cases where loans/ funds received from Central/ State Government or its agencies have been diverted from the purpose for which these were received.	As per the Information and explanations provided by the Management, no loans received by the corporation from the Central/ State Government or its agencies.  Further as per the Information and explanations provided by the Management, loans received by the corporation from the Central/ State Government or its agencies have not been diverted from the purpose for which these were received.

For POLINENI ASSOCIATES  
Chartered Accountants  
Firm Registration Number: 006132S

Sd/-  
(M V S R Prasad)  
Partner  
Membership Number: 029076  
UDIN:23029076BGXTMO5988  
Place: Guntur Date: 27-12-2022



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2022 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 Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide Audit Report dated 27.12.2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2022 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary Audit of financial statements of M/s. NICDIT Krishnapatnam Industrial City Development Limited and Andhra Pradesh Gas Distribution Corporation Limited but did not conduct supplementary audit of the financial statements of Subsidiaries and Joint Ventures listed in Annexure-A for the year ended on that date. Further, Section 139(5) and 143 (6) (a) of the Act are not applicable to Ace Urban Hitech City Limited, Adani KP Agri Warehousing Company Private Limited, Visakhapatnam Industrial Water Supply Company Limited and AP-ADE Manufacturing Parks Private Limited being private entities for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the Supplementary Audit of these Companies. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary Audit, I would like to highlight the following significant matters under Section 143(6)(b) read with Section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the consolidated financial statements and the related Audit Report:

**A. Comments on Profitability**

**Consolidated Statement of Profit and Loss**

**Revenue from operations (Note 19): ₹281.23 crore.**

1. The above includes ₹2.31 crore towards accounting of income from the sale of land to a private party based on a sale agreement made on 19.09.2020. This accounting treatment was found contrary to the Company's Significant Accounting Policy on revenue recognition disclosed at 2.10, which stipulated that 'the income from the sale of land, sheds and buildings is recognised on execution of sale agreement and handing over physical possession of the premises'. Though the sale agreement was made during 2020-21, the income was recognised in 2021-22. This resulted in overstatement of revenue from operations by ₹2.31 crore, cost of sales by ₹1.50 crore and profit for the year by ₹0.61 crore.



## **Other Income (Note-20): ₹83.04 crore**

2. The above does not include ₹136.34 crore (Previous Year: ₹82.32 crore) being the amount received from Government towards interest amount on the amount deposited (₹1480 crore in 2017-18 and ₹450 crore in 2020-21) in PD Account<sup>1</sup> with State Government treasury, where interest-bearing loans availed from the commercial banks were deposited in PD Account. As on 31 March 2022, total ₹524.60 crore (including ₹136.34 crore for 2021-22) was released by the Government into the PD Account towards servicing the interest on the loans availed from the Banks and the same amount was directly paid from the PD Account to Banks towards interest on loans. *The Company did not account for the above transactions in the books of account, resultantly both interest amounts received from the Government and payments to the Banks were not forming part of the Financial Statements.* This is found deviating from provisions of Ind AS-1, which states that an entity shall not offset income and expenses unless required or permitted by an Ind AS and Section 128 (1) of the Companies Act, 2013, which prescribes that all sums received and expended by a company should be recorded in books of account. Thus, violation of the provision of the Act and applicable Ind AS resulted in understatement of Other income and Finance cost by ₹136.34 crore each.

## **Expenses**

### **Other expenses (Note-24): ₹150.28 crore**

3. The above does not include ₹4.61 crore towards interest expense on refund of a deposit to a private party. As per the order dated 29.11.2021 of the Hon'ble Supreme Court, the Company and TSIIC were directed to refund the deposit (May 2007) to the party along with interest thereon in the ratio of 58.32:41.68. Since such interest expense does not form part of the cost incurred in bringing the inventories to their present location and condition, the same should have been recognised as expense as per provisions of Ind AS-2 (Inventories) instead of treating as the acquisition cost of land (stock-in-trade) under Inventories. Thus, wrong accounting treatment resulted in overstatement of Inventories and understatement of Other Expenses by ₹4.61 crore each with corresponding overstatement of Profit for the year by ₹4.61 crore.

4. During the year, ₹36.73 crore was deposited with the Court as per the orders dated 09.03.2022. Out of ₹36.73 crore, ₹17.28 crore was recognised as interest expense and ₹19.45 crore was adjusted against liabilities/payables (Miscellaneous deposits-works) instead of accounting for the entire amount as deposit with Court pending the final judgment and disclosing the facts of the case (including the status) in the notes to the Financial Statements. Thus, incorrect treatment resulted in overstatement of Other Expenses by ₹17.28 crore, understatement of Other Non-current liability (Note-15) by ₹19.45 crore, and understatement of Other Current assets (Note-9) by ₹36.73 crore. This also resulted in an understatement of the Profit for the year by ₹17.28 crore.

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<sup>1</sup>Out of a loan amount of ₹2000 crore availed by the Company from three commercial banks against the Government guarantees, ₹1480 crore was deposited in PD Account of APIIC with State Government Treasury during 2017-18. In addition, ₹450 crore was also deposited in the PD account during 2020-21.

## **B. Comments on Financial position**

### **Balance Sheet**

#### **Assets**

#### **Non-current Assets**

#### **Financial Assets**

#### **Others (Note 5.3): ₹1587.25 crore**

5. The above includes Personal Deposit (PD) Account balance of ₹1498.65 crore, which was borrowed from the Banks. Since the PD account balance is of the nature of current assets, the same should have been disclosed under 'Other Current Assets' separately from 'Cash and Cash equivalents' and 'Bank balances. Thus, wrong classification resulted in overstatement of Financial Assets-Others (Non-Current) and understatement of Other Current Assets (Note-9) by ₹1498.65 crore each. Further, the amount borrowed from the Banks against Government Guarantee was deposited in the PD Account as per the instructions of the State Government, the amount receivable from State Government (including interest) should have been reconciled and disclosed thereunder.

#### **Equity and Liabilities**

#### **Non-Current Liabilities**

#### **Other Non-Current Liabilities (Note-15): ₹2180.73 crore**

6. The above does not include ₹574.61 crore due to non-recognition of liability towards land conversion charges payable to the State Government in respect of agriculture lands allotted to the Company up to 31.01.2018 in accordance with provisions of Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (the Act). As per Section 7(g) of the Act, as amended through Act No.13 of 2018, the agriculture lands allotted to the Company for non-agricultural purpose are exempted from payment of land conversion charges only from 01.02.2018, as notified vide G.O.No.37 dated 25.01.2018 and G.O Ms.No.98 dated 19.02.2018. Instead, the same amount was incorrectly shown as Contingent Liability in Notes to Accounts. Neither the exemption request of the Company was accepted by the State Government, nor the Company made any effective follow-up in support of its stand to conclude the status. The impact on Profit could not be ascertained in the absence of requisite details relating to the land not in the inventory as on the reporting date. Thus, non-recognition of liability towards land conversion charges resulted in understatement of Current Liabilities and Current Assets (Inventories) by ₹574.61 crore.

#### **Current liabilities**

#### **Provisions (Note-18): ₹885.81 crore**

7. The above includes ₹42.28 crore being the provision for taxation which should have been disclosed on the face of balance sheet as current tax liabilities as per Schedule III to the Companies Act 2013. Thus, wrong classification resulted in overstatement of Provisions and understatement of current Tax liabilities by ₹42.28 crore.

## **C. Comments on Disclosure**

8. As per Schedule III to the Act read with Para 73 of Ind AS 16, a reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations, amount of change due to revaluation (if change is 10% or more in the aggregate of the net carrying value of each class of intangible assets) and other adjustments and the related amortization and impairment losses or reversals shall be disclosed separately. Further, Section 129(4) stipulated that the provisions applicable to the preparation, adoption and audit of standalone financial statements of a Holding



Company shall, *mutatis mutandis*, apply to the consolidated financial statements (CFS). The Company neither complied with the above said provisions nor disclosed the reasons for the deviation from the provisions of Ind AS and the Act, though required by Section 129(5) of the Act indicating non-compliance with the provisions of the Act.

9. As per Division-II of Schedule III to the Act, the specific disclosure of additional information on the entities which are included in the Consolidated Financial Statements in regard to Net Assets, share in profit or loss, share in other comprehensive income, and share in total comprehensive income shall be given in the prescribed format. However, the Company has not complied with the same resulting in deviation to the provisions of the Companies Act 2013. In the absence of such information, the Audit is not able to ascertain whether any Subsidiary/Associate/Joint Venture company is not consolidated in the Financial Statements and if so the impact on the financial statements as on reporting date.

#### **D. Comment on Auditor's Report**

10. According to Division-II (Ind AS) of Schedule III as amended in March 2021 read with the provisions of Section 129 of the Act 2013, Capital-Work-in Progress (CWIP) ageing schedule in respect of the Projects in progress, Projects temporarily suspended and CWIP whose completion is overdue or exceeded its cost compared to its original plan, following CWIP completion schedule shall be given in the prescribed format in the financial statements. Though CWIP as on the reporting date was ₹307.02 crore (Previous year: ₹302.84 crore), neither the Management complied with the above requirements, nor the Independent Auditors made any qualification in this regard. This is a deviation from the provisions of the Companies Act, 2013. Thus, the Independent Auditors Report is found to be deficient to that extent.

#### **E. Other Comments.**

11. Out of the total 5,54,41,000 shares of Andhra Pradesh Gas Infrastructure Corporation Limited (APGICL), the Company held 2,71,66,000 shares constituting to 49 % of the total paid-up share capital from October 2009. As per section 2(87) of the Act a company is classified as subsidiary if the holding Company (i) controls the composition of the Board of Directors; or exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies. Considering the disclosure in Note-31 to accounts, the same should have been classified as an Associate company as the shareholding of 51% by APGENCO was **not** found temporary. Thus, the present classification is a deviation from the provisions of the Act having impact on all the line items of the consolidated financial statements of the Company. In the absence of relevant data, the quantitative impact, if any, Consolidated Financial Statements due to consolidation of the accounts of APGICL as a subsidiary could not be ascertained.

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

**Place: Vijayawada**

**Date: 4.03.2024**

Sd/-  
(INDU AGRAWAL)  
Principal Accountant General (Audit)  
प्रधान महालेखाकार (ले.प.)