



# **45<sup>th</sup> ANNUAL REPORT**

## **2017 - 18**

**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, IT Park, Mangalagiri, GUNTUR DIST, Andhra Pradesh - 522 203.



**ANDHRA PRADESH**  
**INDUSTRIAL INFRASTRUCTURE CORPORATION LTD**  
**CIN: U99999TG1973SGC001630**  
(A Government of Andhra Pradesh Undertaking)

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

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



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## **GENERAL INFORMATION**

### **BOARD OF DIRECTORS:**

**a) CHAIRMAN :**

1	Dr. Krishnaiah Pirrala, IAS (Retd.) Executive Chairman	From 21-08-2014 to 24-05-2019
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**b) VICE-CHAIRMAN & MANAGING DIRECTOR:**

1	Sri Nivas Janardhanan, IAS Vice-Chairman & Managing Director	From 21-11-2016 to 08-05-2017
2	Sri Babu.A, IAS Vice-Chairman & Managing Director	From 08-05-2017 to 04-07-2019

**c) DIRECTORS:**

During the Financial Year 2017-18, the following are the Members of the Board.

1	Sri Solomon Arokiaraj, IAS Secretary to Govt., & CIP, I & C Dept.,	From 28-07-2016 to 23-10-2019
2	Sri Kartikeya Mishra, IAS Commissioner of Industries, A.P	From 13-03-2015 to 17-04-2017
3	Sri Siddharth Jain Fouzdar, IAS Commissioner of Industries, A.P	From 17-04-2017 to 23-10-2019
4	Ms. Hema Munivenkatappa, IA & AS Special Secretary to Govt., Finance Department	From 15-07-2016 to 23-07-2018
5	Sri Rahul Pandey, IFS Special Secretary to Govt., E,I&I & CRDA Dept.	From 25-06-2016 to 10-04-2018
6	Sri K. Vijayanand, IAS Principal Secretary to Govt., ITE & C Dept.,	From 26-11-2016 to 23-10-2019
7	Sri W.V.R.Murthy, IAS Managing Director, APSFC	From 03-07-2015 to 21-12-2017
8	Sri B.S.S. Prasad, IFS Member Secretary, APPCB	From 03-07-2015 to 11-06-2018

**COMPANY SECRETARY**

Sri M. Siva S Reddy

**BANKERS**

Andhra Bank

State Bank of India

HDFC Bank

Kotak Mahindra Bank

ICICI Bank

**AUDITORS**

M/s. Anjaneyulu & Co.,

Chartered Accountants

Hyderabad

**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**(An undertaking of the Government of Andhra Pradesh)**  
**CIN: U99999TG1973SGC001630**

**Regd.Office: 6th 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 45<sup>th</sup> Annual General Meeting of the Members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held on Friday, the 10<sup>th</sup> day of July, 2020 at 11:00 A.M. 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 2017-18 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 31<sup>st</sup> March, 2018, Directors Report, Statutory Auditors Report, final comments of the Comptroller and Auditor General of India and remarks of the management thereon.

**BY ORDER OF THE BOARD  
FOR APIIC LIMITED**

**Sd/-  
Chief General Manager (Finance)**

**Place : Mangalagiri**

**Date : 02-07-2020**

**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.

**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**(An undertaking of the Government of Andhra Pradesh)**  
**CIN: U99999TG1973SGC001630**

**Regd. Office: 6th Floor, Parisrama Bhavan, 5-9-58/B, Fatehmaidan Road,  
P.O.Bag.No.5, Basheerbagh, Hyderabad-4**  
**Corporate Office: D.No. 59A-20-3/2A, 1st, 2nd and 3rd Floors, Sri Siva Complex,  
Fun Time Club Road, Teachers Colony, Vijayawada- 520008.**

**NOTICE**

Notice is hereby given that the 45th Annual General Meeting of the Members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held on Wednesday the 19th day of September, 2018 at 3.00 P.M. at the Registered Office of the Company situated at 6th Floor, Parisrama Bhavan, 5-9-58/B, Fatehmaidan Road, Basheerbagh, Hyderabad-4 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive and adopt the financial statements including the consolidated financial statements of the company for the financial year 2017-18 containing Balance Sheet, profit and 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, 2018, Directors' Report along with the Auditor's & Comptroller and Auditor General of India report.
2. 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 2018-19.

BY ORDER OF THE BOARD  
FOR APIIC LIMITED  
Sd/-  
M.SIVA S. REDDY  
COMPANY SECRETARY

Place: Hyderabad  
Date: 20.08.2018

**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 Adjourned 45th Annual Report on the business and operations of the Company and its Audited Statement of Accounts for the year ended 31st March, 2018 together with the Auditors Reports and comments on the Accounts by the Comptroller and Auditor General (C&AG) of India.

### **FINANCIAL RESULTS:**

The performance of the Company during the year 2017-18 vis-a-vis the previous year is summarized in the table below:

		(Amount in Rs. Crores)
Financial Results	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Turnover (including Other Income)	526.74	417.81
(b) Net Profit/Loss (before depreciation and tax)	1.75	46.12
Less : Depreciation	3.64	3.82
(c) Net Profit/(Loss) before tax	(1.89)	42.30
Less : Provision for Tax (including for deferred tax)	(0.52)	8.78
(d) Net Profit/(Loss) after tax	(2.41)	33.52

### **ACCOUNTING SYSTEM:**

To comply with the Indian Accounting Standards which are mandatory from 01-04-2015 the land, buildings, 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 Out-right Sale or allotment on Hire Purchase.

All lands and other assets relating to Special Economic Zones are treated as Fixed Assets and were shown under fixed Assets and accounted on historical cost and the accumulated depreciation is shown separately.

The Government of Andhra Pradesh have entrusted certain local authority powers to the Corporation 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 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 IALAs and hence not accounted for in the accounts of the Company.

In respect of Government Lands taken possession and where alienation orders are yet to be received the cost paid/ cost payable is taken to books towards cost of land by creating provision.

**MEETINGS DURING THE FINANCIAL YEAR**  
**BOARD MEETINGS**

During the financial year 2017-18, the Board of Directors of the Company duly met Four (4) times.

1. 14.06.2017
2. 22.08.2017
3. 21.12.2017
4. 29.03.2018

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**CHAIRMAN :**

1	Dr. Krishnaiah Pirrala, IAS (Retd.) Executive Chairman	From 21-08-2014 to 24-05-2019
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**VICE-CHAIRMAN & MANAGING DIRECTOR:**

1	Sri Nivas Janardhanan, IAS Vice-Chairman & Managing Director	From 21-11-2016 to 08-05-2017
2	Sri Babu.A, IAS Vice-Chairman & Managing Director	From 08-05-2017 to 04-07-2019

**DIRECTORS:**

During the Financial Year 2017-18, the following are the Members of the Board.

1	Sri Solomon Arokiaraj, IAS Secretary to Govt., & CIP, I & C Dept.,	From 28-07-2016 to 23-10-2019
2	Sri Kartikeya Mishra, IAS Commissioner of Industries, A.P	From 13-03-2015 to 17-04-2017
3	Sri Siddharth Jain Fouzdar, IAS Commissioner of Industries, A.P	From 17-04-2017 to 23-10-2019
4	Ms. Hema Munivenkatappa, IA & AS Special Secretary to Govt., Finance Department	From 15-07-2016 to 23-07-2018
5	Sri Rahul Pandey, IFS Special Secretary to Govt., E,I&I & CRDA Dept.	From 25-06-2016 to 10-04-2018
6	Sri K. Vijayanand, IAS Principal Secretary to Govt., ITE & C Dept.,	From 26-11-2016 to 23-10-2019
7	Sri W.V.R.Murthy, IAS Managing Director, APSFC	From 03-07-2015 to 21-12-2017
8	Sri B.S.S. Prasad, IFS Member Secretary, APPCB	From 03-07-2015 to 11-06-2018

**KEY MANAGERIAL PERSONNEL:**

1	Sri Siva Satyanarayana Reddy Manda Company Secretary, APIIC Limited	From 01-05-2006 to till date
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**STATE OF COMPANY'S AFFAIRS**

It is imperative that affair of our Company are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders.

**■ LAND ACQUISITION :**

Your Directors are happy to inform that your Company has taken possession of 2784.64 acres of Patta land, 2680.57 acres of Assigned land and 1361.76 acres of Government land during the year. The aggregate extent of land taken over by your Company for the financial year 2017-18 is 6826.97 acres.

**■ DEVELOPMENT AND ALLOTMENT OF PLOTS :**

Your Directors are happy to inform that your Company allotted 3125.99 acres of land in our State during the financial year 2017-18.

**■ CIVIL WORKS & DEPOSIT WORKS :**

APIIC having full fledged Engineering wing supported with Engineers with vast experience and civil works to a tune of about Rs. 47,812.26 Lakhs in the year 2017-18 were taken up. Out of this, the capital infrastructure development is Rs. 9363.76 Lakhs, IALA works is Rs.490.00 Lakhs, deposit works is Rs. 1939.50 Lakhs, ADB Funds is Rs. 27169.00 Lakhs and APIIC works & Government of India works for Rs. 8850.00 Lakhs.

**■ INDUSTRIAL AREA LOCAL AUTHORITY :**

The local body functions within the Industrial Park/Industrial Estate/Special Economic Zones established by APIIC are being performed by IALAs. The IALAs are exercising the functions of a Municipal Corporation/ Municipality/Grampanchayat with a condition that 35% or 50% of the property tax collected is remitted to the parent local body.

Thus, APIIC has been exercising/performing the statutory powers/functions of the Local Bodies with effect from 01-10-1994 onwards in 169 Nos. Industrial Areas (phase wide)/Housing Complexes/Mini Industrial Estates/Commercial Complexes falling under Municipalities, Municipal Corporations and Gram Panchayats in the state, through its officers nominated as Executive Authority under the relevant Acts.

To promote "local self-Governance" in the Industrial Areas, APIIC has evolved the concept of Industrial Areas in the Management/Maintenance of Industrial Areas. The Service Societies registered under the AP Societies Registration Act, 2001 have been nominated by APIIC as its Nodal Agencies to assist in collection of property taxes and maintenance of civic services in the Industrial Areas. The totals No. of IALAs are 169. The Service Society will elect Managing Committee comprising 5 office bears namely Chairman, Secretary, Joint Secretary, Treasurer and Members not exceeding 10% of the No. of units in that IALA.



The term of office of the Managing Committee will be for three years from the date approval of the election results by the Zonal Manager concerned.

The Service Society's main role is to promote the concept of self-governance, and to participate in all decisions, in order to co-ordinate in the functioning of the IALAs, to involve the constitute Industrial Units in different developmental activities within IALA area and also to bring transparency in the working of the IALAs. Further, the Service Societies were advised to form the Sub-Committees such as 1) Works Committee 2) Resource Committee 3) Human Resource Committee 4) Environment Committee to involve itself in the identification of civil works, collection of property Taxes, recruitment of Staff, environment improvement etc.

The commissioners/ Executive officers are exercising administrative powers by collecting all kinds of taxes and maintenance of IALAs like Sanitation, Street Lights, Roads and drains and discharging their duties as per the powers delegated by the Govt. of AP in Industrial Areas.

The total no. of IALAs are 169 out of which 116 IALAs were declared by the Govt. and 102 No's of IALAs are functioning 14 No's of IALAs are not functioning for reason that some IALAs, the assesses are paying property tax to local bodies but not to APIIC.

APIIC has submitted proposals for the balance 53 Industrial Parks (8 Municipal Limits plus 45 Panchayat Limits which are pending for declaration with MA & UD department and PR & RD department Govt. of Andhra Pradesh.

## **DIVIDEND**

The Board of Directors of the Company has not recommended any dividend during the financial year.

## **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.

## **RIGHT TO INFORMATION**

In order to promote transparency and accountability, an appropriate mechanism is in place in the Company to provide information to citizens under the provisions of Right to Information (RTI) Act, 2005.

## **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 31st March, 2018.

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

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

<b>S.No</b>	<b>Name of the Company</b>	<b>Percentage (%) of Share holding</b>	<b>No. of Shares Held</b>	<b>Face value of each share (In Rs.)</b>	<b>Total value of Shares</b>
1	Andhra Pradesh Gas Infrastructure Corporation Private Limited	51	2,71,66,000	1	2,71,66,000
2	Krishnapatnam International Leather Complex Private Limited	51	51,000	10	5,10,000
3	Visakhapatnam Industrial Water Supply Company Limited	49	2,20,27,071	10	22,02,70,710
4	Atchutapuram Effluent Treatment Limited	49	72,21,000	10	7,22,10,000
5	Ace Urban Hitech City Limited (formerly L&T Hitech City Limited)	26	52,00,000	10	5,20,00,000
6	Bharatiya International SEZ Limited	11.05	15,00,000	10	1,50,00,000
7	Ace Urban Infocity Limited (formerly L&T Infocity Limited)	11	17,32,104	10	1,73,21,040
8	Ramky Pharma City (India) Limited	11	19,80,000	10	1,98,00,000
9	Hyderabad Information Technology Venture Enterprises Limited	8	12,145	10	1,21,450
10	Cyberabad Trustee Company (P) Limited	8	2,429	10	24,290
11	Vizag IT Park Limited	0.49	44,000	10	4,40,000

### **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-B 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 Profits shall not apply to the Company as the Company is a Government Company.

### **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-C 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.

## **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 2017-18 and replies of the management thereto are attached as ANNEXURE-D.

## **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.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, confirm that :

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis; and
- (e) Clause (e) of section 134(5) is not applicable as the Company is not a listed Company.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the co-operation and support extended by the Share Holders, 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**

**Sd/-  
Sri R.Karikala Valaven, IAS  
VC& MD  
DIN: 01519945**

**Sd/-  
Smt. R.K. Roja, MLA  
Chairperson  
DIN:08527722**

**Place: Mangalagiri  
Date: 12.06.2020**

**Form No. MGT-9**  
**Extract of Annual Return**  
**as on the Financial Year ended on 31.03.2018**

*[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 limited by Shares/ State Government Company
v.	Address of the Registered office and contact details	5-9-58/B, 6th Floor, Parisrama Bhavanam, Fateh Maidan Road, Hyderabad- 500004
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:-

Sr. 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 AP)	N7	100

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

Sr. No.	Name and Address of The Company	CIN	Holding/ Subsidiary /Associate	% of shares held
1.	Andhra Pradesh Gas Infrastructure Corporation Private Limited	U11100AP2009SGC107233	Subsidiary	51
2.	Krishnapatnam International Leather Complex Private Limited	U19115TG2008SGC060643	Subsidiary	51
3.	Visakhapatnam Industrial Water Supply Company Limited	U90009AP1999PLC032051	Joint Venture	49
4.	Atchutapuram Effluent Treatment Limited	U41000AP2016PLC103829	Joint Venture	49
5.	Ace Urban Hitech City Limited (formerly L & T Hitech City Limited)	U70102TG2007PLC053938	Associate	26
6.	Bhartiya International SEZ Limited	U74999DL2007PLC159827	Associate	11.05
7.	Ace Urban Infocity Limited (formerly L&T Infocity Limited)	U72200TG1997PLC026885	Associate	11
8.	Ramky Pharma City (India) Limited	U24239TG2004PLC042855	Associate	11
9.	Hyderabad Information Technology Venture Enterprises Limited	U72200TG1998PLC029282	Associate	8
10.	Cyberabad Trustee Company (P) Limited	U72200TG1999PTC033128	Associate	8
11.	Vizag IT Park Limited	U45200AP2003PLC041374	Associate	0.49

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**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	Dem at	Physical	total	% of total shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)			95,219	100			95,219	100	Nil
d) Bodies Corp									
e) Banks / FI									
f) Any Other									
Sub-total(A)(1):-			95,219	100			95,219	100	Nil
<b>2) Foreign</b>									
g) NRIs-Individuals									
h) Other-Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other....									
Sub-total(A)(2):-									
<b>B. Public</b>									
<b>Shareholding</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) FII's									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total(B)(1)									
<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 AP Govt.)			3				3		Nil
Sub-total(B)(2)									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>			<b>95,222</b>	<b>100</b>			<b>95,222</b>	<b>100</b>	<b>Nil</b>

**ii. Shareholding of Promoters**

Sr. 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	95,219	100	95,219	100
2.	T. Srinivasulu	1		1	
3.	S. Mustafa Sab	1		1	
4.	R. Suresh	1		1	
	<b>Total</b>	<b>95,222</b>		<b>95,222</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 2017-18.

**V. INDEBTEDNESS**

There are no secured loans during the financial year 2017-18.

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

As Andhra Pradesh Industrial Infrastructure Corporation Limited is a Government Company, remuneration to Managing Director, Whole-time Directors and/or Manager/ Key Managerial Personnel not applicable.

**VII. 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/-**  
**Sri R. Karikal Valaven, IAS**  
**VC& MD**  
**DIN: 01519945**

**Sd/-**  
**Smt. R.K. Roja, MLA**  
**Chairperson**  
**DIN: 08527722**

**Place: Mangalagiri.**

**Date: 12.06.2020**



**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 2018, 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	Outstanding as on 31.03.2018
1	AP Gas Infrastructure Corporation Private Limited	Subsidiary	1.19	1.21
2	Krishnapatnam International Leather Complex Private Limited	Subsidiary	21.35	22.05
3	Visakhapatnam Industrial Water Supply Company (Secured Loan)	Joint Venture	0.00	46.00
4	Visakhapatnam Industrial Water Supply Company (Acc. Interest on Secured Loan)	Joint Venture	13.24	159.05
5	Visakhapatnam Industrial Water Supply Company (Unsecured Loan)	Joint Venture	0.00	0.00
6	Visakhapatnam Industrial Water Supply Company (Acc. Interest on Unsecured Loan)	Joint Venture	3.15	15.02
7	Atchutapuram Effluent Treatment Limited	Joint Venture	10.38	13.81
8	Atchutapuram Effluent Treatment Limited (Acc. Interest)	Joint Venture	0.37	0.40
	<b>Total</b>		<b>49.68</b>	<b>257.54</b>

For and on behalf of the Board of APIIC Limited

Sd/-  
Sri R.Karikal Valaven, IAS  
VC& MD  
DIN: 01519945

Sd/-  
Smt. R.K. Roja, MLA  
Chairperson  
DIN: 08527722

Place: Mangalagiri  
Date: 12.06.2020

**ANNUAL REPORT ON CSR ACTIVITIES**

- 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:**

The Corporate Social Responsibility Committee (CSR Committee) of the Board of Directors (Board) of the Company comprises the Directors on the Board of the Company as indicated below :

<b>S.No.</b>	<b>Name of the Director</b>	<b>Designation</b>
1	Sri P. Krishnaiah, IAS (Retd.)	Executive Chairman
2	Sri Siddharth Jain Fouzdar, IAS	Director
3	Sri B.S.S.Prasad, IFS	Director

- 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. 35,78,22,667/-

<b>Financial Year</b>	<b>Net Profit for Computation of CSR (Amount in Rs.)</b>
2014-15	43,40,48,000
2015-16	21,64,13,000
2016-17	42,30,07,000
<b>Total</b>	<b>1,07,34,68,000</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. 71,56,454/-

5. Details of CSR spent during the financial year 2017-18.

a) Total amount to be spent for the financial year: Rs. 71,56,454/-

During the Financial Year, the Company allocated CSR Expenditure Rs.1,09,87,296/-

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

S. No	Name of the Work	Amount (Rs.)
1	Construction of Rythu Bazaar (01 No's), Anganvadi School (02 No.'s) and Elementary School Building-6 Rooms (01 No's), Upper Primary School Building-8 Rooms (01 No's) and Community Halls (02 No.'s) at R & R Colony, Veduruwada, Atchuthapuram Mandal.	62,10,048.00
2	Construction of Rythu Bazaar, Anganvadi School (05 No.'s) and Community Hall (05 No.'s) at Dibbapalem SEZ, R&R Colony.	20,51,729.00
3	Construction of Balance works at Elementary Building and Kalyanamandapam including Toilets and Compound wall at SEZ, R&R Colony, Dibbapalem.	20,07,691.00
4	Providing temporary accommodation for primary school in existing incomplete Panchayat Building at R & R Colony, Vedurawada.	4,17,828.00
	<b>Total</b>	<b>1,09,87,296.00</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/-**  
**Sri R.Karikal Valaven, IAS**  
**VC& MD**  
**DIN: 01519945**

**Sd/-**  
**Smt. R.K. Roja, MLA**  
**Chairperson**  
**DIN: 08527722**

**Place: Mangalagiri**

**Date: 12.06.2020**

**ANNEXURE - D(a)****OBSERVATIONS OF STATUTORY AUDITOR AND REPLY OF THE COMPANY FOR THE  
YEAR ENDED 31.03.2018**

<b>Sl. No.</b>	<b>AUDIT ENQUIRY</b>	<b>REPLY OF THE MANAGEMENT</b>
<b>1)</b>	<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 account is under reconciliation with the advances section of o/o Principal Accountant General. The matter is under persuasion with the Government and O/o P&amp;AG for rectification.</p>
<b>2)</b>	<p><b>Other Equity:</b> Capital Reserve 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. 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, 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)</p>	<p>The audit observation is noted. EPIP Grant pointed by Audit 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. The treatment will be reviewed and necessary action will be taken on reconciliation of the Equity with office of P &amp; AG.</p>
<b>3)</b>	<p><b>Deposits received from allottees:</b> Current year Rs. 1177.91 Crores (Previous Year Rs.1186.46 Crores)</p> <p>This includes un-reconciled amount with head office/Zonal Offices which are yet to be quantified and reconciled (Refer note no.: 17)</p>	<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>
<b>4)</b>	<p><b>Provision for contractual obligations:</b> Current year Rs.644.25 Crores (Previous Year Rs.536.77 Crores):</p> <p>Adequacy of provision: As per the information and explanations given to us, the Corporation after reviewing various pending contractual obligations at the yearend estimated the provision against contractual obligations as Rs.644.25 crores (Previous year Rs.536.77 crores) and accordingly provided.</p>	<p>The Audit Comment is self explanatory. The provision for Contractual Obligations is being reviewed from time to time and necessary provision is being made accordingly. Hence, the provision shown in the Financial Statements is adequate.</p>

	<p>We are not clear, whether the provision is pertaining to earlier year sales or current year sales. Hence in our opinion, we are not able to comment upon the adequacy of the provision made by the organization. (Refer note no.: 18.3)</p> <p>Disclosure:</p> <p>Since the contractual works are extending beyond one year, we are of the opinion that this Provision should be disclosed under Long term provisions.</p> <p><b><u>Non conformity of Indian Accounting Standard 18 Revenue Recognition-Sale of Land, Sheds etc. Rs.413.99 Crores (P.Y. 313.26 Crores): (Refer Accounting Policy No. 2.10)</u></b></p>	<p>As the provision for Contractual Obligations is reviewed on yearly basis, the same was disclosed under Short Term Provisions.</p>
5)	<p><b><u>Non conformity of Indian Accounting Standard 18 Revenue Recognition-Sale of Land, Sheds etc. Rs.413.99 Crores (P.Y. 313.26 Crores): (Refer Accounting Policy No. 2.10)</u></b></p> <p>When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period</p> <p>As per para 4.2.1 of the Ind AS 18, The recognition of revenue by reference to the stage of completion of a transaction is often referred to as the percentage of completion method. Under this method, revenue is recognised in the accounting periods in which the services are rendered. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period. Ind AS 11 also requires the recognition of revenue on this basis. The requirements of that standard are generally applicable to the recognition of revenue and the associated expenses for a transaction involving the rendering of services.</p> <p>However, the agreement of sale is entered with allottees on receipt of full consideration, though the substantial contractual obligations amount</p>	<p>Revenue for sale /lease of plot/ land is accounted on execution of sale agreement/ lease deed. Most of the sale/ lease are un developed land and there is no major development expenditure. The accounting treatment given is consistent with Accounting Standard - 9: Revenue Recognition read with guidance note on accounting for real estate transactions. In respect of sale/ lease of plot in developed industrial park, revenue is recognised on execution of sale agreement/ lease deed after receipt of full consideration and necessary provision is made for constructive obligations assured to allottees. There is no under or overstatement of revenue.</p> <p>The guidance note on real estate transactions is meant mainly for sale/ lease of apartments or commercial complexes</p>

<p>ing to Rs.644.25 Crores are yet to be fulfilled. In our opinion para 4.2.1 of Ind AS - 18 Revenue Recognition is not applied.</p> <p><b>Guidance Note on Real Estate Transactions issued by the ICAI:</b></p> <p>Further Para 5.3 of the guidance note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, has laid down the methodology of application of percentage completion method in this type of transactions. Under this revenue is to be recognized on fulfillment of all the following conditions:</p> <ol style="list-style-type: none"> <li>Obtaining all critical approvals necessary for Commencement of Project.</li> <li>When the stage of completion of the project reaches a reasonable level of development i.e incurring construction and development cost of 25% or more of the total estimated cost.</li> <li>At least 25% of the saleable area is secured by contracts or Sale agreements with buyers.</li> <li>At least 10% of the total revenue as per agreement of sale or any other legally enforceable documents is realized at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in contracts.</li> </ol> <p>As per the information and explanation given to us, In respect of certain projects corporation has failed to comply conditions "b" and "c" though the corporation has complied the conditions of "a" and "d".</p> <p>In the light of the above, the corporation is not adhering to para 4.2.1 of Ind AS-18 Revenue recognition while adapting the income recogni</p>	<p>and developed industrial plots where risk and rewards of the flat/ plot allotted is generally not transferred to the purchaser. In most of the transactions full consideration is also not received in advance. Hence, the guidance note is not relevant to the company.</p>
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6)	<p>tion policy (vide para No 4 of Note No.1 of standalone Ind AS financial statements). Hence 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> <p><b><u>Treatment of transactions pertaining to Industrial Area Local Authority :</u></b></p> <p>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 accounts and by not clubbing/consolidating these transactions:</p> <p>The Assets and Liabilities of the Corporation have been understated. The profit or loss of the corporation has been understated. Cash Flows are understated.</p> <p>We are not in a position to quantify the impact on Assets and Liabilities and Profit/Loss due to failure on the part of the management to provide the necessary information. Further, we are of the opinion that not clubbing the income of IALAs will tantamount to noncompliance of IndAS - 18: Revenue. <b>(Refer to Note No.: 26)</b></p>	<p>The audit comment is self explanatory. Treatment was disclosed in Notes to accounts vide note 26. The records of IALAs are being updated from time to time with the help of the software developed by Centre for Good Governance. The accounts of IALAs are maintained separately by the respective IALAs and The Financial Statements are being Audited and certified by independent Chartered Accountants from time to time.</p>
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**For and on behalf of the Board of APIIC Limited**

**Sd/-**  
**Sri R.Karikal Valaven, IAS**  
**VC & MD**  
**DIN: 01519945**

**Sd/-**  
**Smt. R.K. Roja, MLA**  
**Chairperson**  
**DIN: 08527722**

**Place: Mangalagiri**

**Date: 12.06.2020**



**ANNEXURE - D(b)**

**OBSERVATIONS OF STATUTORY AUDITOR ON CONSOLIDATED FINANCIAL STATEMENTS AND REPLY OF THE COMPANY FOR THE YEAR ENDING 31.03.2018**

<b>Sl. No.</b>	<b>AUDIT ENQUIRY</b>	<b>REPLY OF THE MANAGEMENT</b>
<b>A</b>		
<b>1)</b>	<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 account is under reconciliation with the advances section of o/o Principal Accountant General. The matter is under persuasion with the Government and O/o P&amp;AG for rectification.</p> <p>The audit observation is noted. EPIP</p>
<b>2)</b>	<p><b>Other Equity :</b> 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. 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, 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 equity)</b></p>	<p>Grant pointed by Audit 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. The treatment will be reviewed and necessary action will be taken on reconciliation of the Equity with office of P &amp; AG.</p>
<b>3)</b>	<p><b>Deposits received from allottees:</b> Current year Rs. 1177.91 Crores (Previous Year Rs.1186.46 Crores)</p> <p>This includes un-reconciled amount with head office/Zonal Offices which are yet to be quantified and reconciled <b>(Refer note no.: 17)</b></p>	<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, the same is under further reconciliation.</p>
<b>4)</b>	<p><b>Provision for contractual obligations :</b> Current year Rs.644.25 Crores (Previous Year Rs.536.77 Crores):</p> <p>Adequacy of provision: As per the information and explanations given to us, the Corporation after reviewing various pending contractual obligations at the yearend estimated the provision against contractual obligations as Rs.644.25 crores(Previous year Rs.536.77</p>	<p>The Audit Comment is self explanatory.</p> <p>The provision for Contractual Obligations is being reviewed from time to time and necessary provision is being made accordingly. Hence, the provision shown in the Financial Statements is adequate.</p>



	<p>crores) and accordingly provided. We are not clear, whether the provision is pertaining to earlier year sales or current year sales. Hence in our opinion, we are not able to comment upon the adequacy of the provision made by the organization. <b>(Refer note no.: 18.3)</b></p> <p>Disclosure :</p> <p>Since the contractual works are extending beyond one year, we are of the opinion that this Provision should be disclosed under Long term provisions.</p>	<p>As the provision for Contractual Obligations is reviewed on yearly basis, the same was disclosed under Short Term Provisions.</p>
5)	<p><b>Non conformity of Indian Accounting Standard 18 Revenue Recognition-Sale of Land, Sheds etc. Rs.413.99 Crores (P.Y. 313.26 Crores): (Refer Accounting Policy No. 2.10)</b></p> <p>When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period</p> <p>As per para 4.2.1 of the Ind AS 18, The recognition of revenue by reference to the stage of completion of a transaction is often referred to as the percentage of completion method. Under this method, revenue is recognised in the accounting periods in which the services are rendered. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period. Ind AS 11 also requires the recognition of revenue on this basis. The requirements of that standard are generally applicable to the recognition of revenue and the associated expenses for a transaction involving the rendering of services.</p>	<p>Revenue for sale /lease of plot/ land is accounted on execution of sale agreement/ lease deed. Most of the sale/ lease are un developed land and there is no major development expenditure. The accounting treatment given is consistent with Accounting Standard - 9: Revenue Recognition read with guidance note on accounting for real estate transactions. In respect of sale/ lease of plot in developed industrial park, revenue is recognised on execution of sale agreement/ lease deed after receipt of full consideration and necessary provision is made for constructive obligations assured to allottees. There is no under or overstatement of revenue.</p>

<p><b>Guidance Note on Real Estate Transactions issued by the ICAI:</b></p> <p>Further Para 5.3 of the guidance note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, has laid down the methodology of application of percentage completion method in this type of transactions. Under this revenue is to be recognized on fulfillment of all the following conditions:</p> <ul style="list-style-type: none"> <li>e) Obtaining all critical approvals necessary for Commencement of Project.</li> <li>f) When the stage of completion of the project reaches a reasonable level of development i.e incurring construction and development cost of 25% or more of the total estimated cost.</li> <li>g) At least 25% of the saleable area is secured by contracts or Sale agreements with buyers.</li> <li>h) At least 10% of the total revenue as per agreement of sale or any other legally enforceable documents is realized at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in contracts.</li> </ul> <p>As per the information and explanation given to us, In respect of certain projects corporation has failed to comply conditions "b" and "c" though the corporation has complied the conditions of "a" and "d".</p> <p>In the light of the above, the corporation is not adhering to para 4.2.1 of Ind AS-18 Revenue recognition while adapting the income recognition policy (vide para No 4 of Note No.1 of standalone Ind AS financial statements). Hence 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>	<p>The guidance note on real estate transactions is meant mainly for sale/ lease of apartments or commercial complexes and developed industrial plots where risk and rewards of the flat/ plot allotted is generally not transferred to the purchaser. In most of the transactions full consideration is also not received in advance. Hence, the guidance note is not relevant to the company.</p>
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6)	<p><b><u>Treatment of transactions pertaining to Industrial Area Local Authority:</u></b></p> <p>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 accounts and by not clubbing/consolidating these transactions:</p> <p>The Assets and Liabilities of the Corporation have been understated. The profit or loss of the corporation has been understated. Cash Flows are understated.</p> <p>We are not in a position to quantify the impact on Assets and Liabilities and Profit/Loss due to failure on the part of the management to provide the necessary information. <u>Further, we are of the opinion that not clubbing the income of IALAs will tantamount to noncompliance of IndAS - 18: Revenue.</u> <b>(Refer to Note No.: 26)</b></p>	<p>The audit comment is self explanatory. Treatment was disclosed in Notes to accounts vide note 26. The records of IALAs are being updated from time to time with the help of the software developed by Centre for Good Governance. The accounts of IALAs are maintained separately by the respective IALAs and The Financial Statements are being Audited and certified by independent Chartered Accountants from time to time.</p>
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**For and on behalf of the Board of APIIC Limited**

**Sd/-**  
**Sri R.Karikal Valaven, IAS**  
**VC& MD**  
**DIN: 01519945**

**Sd/-**  
**Smt. R.K. Roja, MLA**  
**Chairperson**  
**DIN: 08527722**

**Place: Mangalagiri**  
**Date: 12.06.2020**

## **ANNEXURE - D(c)**

### **REPLIES TO FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE REVIEW OF ACCOUNTS FOR THE PERIOD ENDED 31.03.2018**

Sl. No.	AUDIT ENQUIRY	REPLY OF THE MANAGEMENT
1)	<p><b><u>BALANCE SHEET</u></b>  <b><u>EQUITY AND LIABILITIES</u></b>  <b><u>(2) Non - Current Liabilities</u></b>  <b><u>(d) Other Non - Current Liabilities</u></b>  <b><u>(Note No. 15) - 1771.94 crore</u></b></p> <p>Government of Andhra Pradesh amended the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 by en-acting Act No.13 of 2018. As per Sub-section (g) of Section 7 of amended Act, the lands allotted to the company are exempted from the provisions of the act, 2006. In this regard, GoAP issued or-ders (G.O.No.37, dated 25.01.2018) stating that the Act shall come into force from 01-02-2018. Further, GoAP also issued orders (G.O Ms No.98, dated 19-02-2018) stating that in case of lands allotted to APIIC, the lands stand converted to Non-Agricultural purposes. Though exemption under Act no.13 is applicable for lands allotted from 01-02-2018, the company has not provided the liability for conversion charges for land allot-ted up to 01-02-2018. The company has instead disclosed contingent liability to the extent of Rs.552.41 crore towards conversion charges pertaining to the period up to 2014-15. Further, there is a liability of Rs.27.42 crore for the years 2015-16 and 2016-17. The amount of conversion charges for the year 2017-18 though called for, were not furnished to Audit.</p> <p>Thus, non-provision for the liability towards the conversion charges for the lands allotted prior to exemption has resulted in under-statement of 'other non - current liabilities' and over statement of 'contingent liabilities' by at least Rs. 552.41 crore.</p>	<p>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>However, the company has already provided clear liability in the books of accounts for con-version charges to a tune of Rs.266.41 crores upto the end of the F.Y 2014-15 in re-spect of developed lands which is being con-tinued in the books of accounts till 31.03.2018. Further, contingent liability to a tune of Rs.552.41 crores was indicated in the notes to accounts for the year ending 31.03.2018 as per the suggestions of the Principal Ac-countant General (Audit), Andhra Pradesh, Hyderabad vide Lr. No.PAG(AUDIT)/AP/ES/D2-I/APIIC/2017-18/261, dated 20.07.2017.</p> <p>Further, as per clause 5 of G.O. Ms. No. 98, dated 19.02.2018 of the Special Chief Sec-retary to Government, Government of Andhra Pradesh, in the case of lands allot-ted to APIIC Limited, the lands stand con-verted to Non-Agricultural purpose. The APIIC Limited shall issue certificate to indi-vidual industrial units that the lands allotted to them are converted for non-agricultural purpose.</p>

		<p>The existing lands allotted to APIIC prior to 01.02.2018 are not yet converted into Non-Agricultural purpose by revenue authorities. Further, w.e.f 01.02.2018 lands allotted to APIIC stand converted into non-agricultural purpose and the corporation is empowered to issue certificate to that extent. Further, APIIC is exempt from payment of conversion charges.</p> <p>Also no demands were received from the Revenue Department, GoAP towards conversion charges for the F.Y 2017-18 till date. As such there is no liability towards conversion charges for the year and hence no provision was made for the year.</p>
2)	<p><b><u>Note No. 15.3 - Land Conversion charges</u></b></p> <p>A reference is invited to Note No. 15.3 wherein it was disclosed that ".... Pending receipt of decision of the Government, an amount of Rs.266.41 crores was provided towards conversion charges to the end of the Financial Year (P.Y. Rs.266.41 crores) for the estates developed by the Company....".</p> <p>However, it was observed in audit that provision of Rs.266.41 crore pertains to the period up to the end of FY 2014-15. The amount of conversion charges pertaining to the years 2015-16, 2016-17 and 2017-18 (current year) were not provided for. Hence, the disclosure made in the aforesaid note is incomplete.</p>	<p>It is to inform that vide note no.15.3 it was disclosed that <i>"Pending receipt of decision of the Government, an amount of Rs.266.41 crores was provided towards conversion charges to the end of the financial year (P.Y - Rs. 266.41 Crores) for the estates developed by the company"</i> which indicate that no amount is provided for during the year under the audit as there is no change in the opening and closing balances of the liability for the FY 2017-18.</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 and there are no demands were received from the Revenue Department, GoAP towards conversion charges for the F.Y 2017-18 till date.</p> <p>However, as per the guidance necessary disclosure was made in the notes to accounts for the F.Y 2018-19.</p> <p>The company has incorporated the</p>

3)	<p><b><u>AP Reorganisation Adjustment Account - Rs.225.62 crore.</u></b></p> <p>The business of the Company was reorganized 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 the bifurcation of the erstwhile state of Andhra Pradesh. A new Company namely M/s TSIIC Limited was incorporated on 04.09.2014 under the Companies Act 2013 and took over the Telangana division of M/s APIIC Limited from 02.06.2014.</p> <p>As per the demerger scheme, an amount of Rs. 225.60 crore was receivable from M/s TSIIC Limited as part of the bifurcation of the state. The same was indicated AP Reorganisation Adjustment Account. This was not confirmed by M/s TSIIC Limited. Also, owing to some other disputes, M/s TSIIC Limited is showing an amount of Rs.638.11 crore (as on 31.03.2016) as receivable from the company. Hence, the amount indicated in AP Reorganisation Adjustment Account - Rs.225.62 crore could not be confirmed in Audit. The fact that the amount was not confirmed by TSIIC Ltd was not disclosed in notes to accounts.</p>	<p>demerger entry in the books of accounts on 02.06.2014 duly transferring assets and liabilities pertaining to Telangana Region to TSIIC Limited as per the demerger scheme signed by both the Vice Chairman and Managing directors of APIIC Limited &amp; TSIIC Limited which was approved by the Expert Committee headed by Smt. Sheela Bhide appointed by the Government of India as per the A P Reorganisation Act, 2014.</p> <p>It is mandatory to both APIIC and TSIIC to incorporate Demerger entry as approved by Expert Committee only. Hence, confirmation from TSIIC Limited does not arise.</p> <p>The company communicated the details of amounts due by TSIIC Limited as per the demerger scheme and subsequent adjustments made along with all the details from time to time.</p> <p>As the Demerger Scheme was signed by the VC &amp; MD of TSIIC Limited also, it indicates that the amount of Rs.225.62 crore is due by TSIIC Limited to APIIC Limited. Hence, separate confirmation by TSIIC Limited again and again is not required.</p> <p>In this regard, no separate disclosure is required in the notes to accounts.</p>
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**For and on behalf of the Board of APIIC Limited**

**Sd/-**  
**Sri R.Karikal Valaven, IAS**  
**VC& MD**  
**DIN: 01519945**

**Sd/-**  
**Smt. R.K. Roja, MLA**  
**Chairperson**  
**DIN: 08527722**

**Place: Mangalagiri**

**Date: 12.06.2020**

## **ANNEXURE - D(d)**

### **REPLIES TO FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2018**

Sl. No.	AUDIT ENQUIRY	REPLY OF THE MANAGEMENT
1)	<p><b><u>BALANCE SHEET</u></b>  <b><u>EQUITY AND LIABILITIES</u></b>  <b><u>(2) Non - Current Liabilities</u></b>  <b><u>(d) Other Non - Current Liabilities</u></b>  <b><u>(Note No. 15) - Rs.1771.94 crore</u></b></p> <p>Government of Andhra Pradesh amended the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 by enacting Act No.13 of 2018. As per Sub-section (g) of Section 7 of amended Act, the lands allotted to the company are exempted from the provisions of the act, 2006. In this regard, GoAP issued orders (G.O.No.37, dated 25.01.2018) stating that the Act shall come into force from 01-02-2018. Further, GoAP also issued orders (G.O Ms No.98, dated 19-02-2018) stating that in case of lands allotted to APIIC, the lands stand converted to Non-Agricultural purposes. Though exemption under Act no.13 is applicable for lands allotted from 01-02-2018, the company has not provided the liability for conversion charges for land allotted up to 01-02-2018. The company has instead disclosed contingent liability to the extent of Rs.552.41 crore towards conversion charges pertaining to the period up to 2014-15. Further, there is a liability of Rs.27.42 crore for the years 2015-16 and 2016-17. The amount of conversion charges for the year 2017-18 though called for, were not furnished to Audit.</p> <p>Thus, non-provision for the liability towards the conversion charges for the lands allotted prior to exemption has resulted in under-statement of 'other non - current liabilities' and over statement of 'contingent liabilities' by at least Rs.552.41 crore.</p>	<p>As mentioned by Audit, 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>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 31.03.2018. Further, contingent liability to a tune of Rs.552.41 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.</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.</p> <p>The existing lands allotted to APIIC prior to</p>



2)	<p><b><u>Note No. 15.3 - Land Conversion charges</u></b></p> <p>A reference is invited to Note No. 15.3 wherein it was disclosed that"..... Pending receipt of decision of the Government, an amount of Rs.266.41 crores was provided towards conversion charges to the end of the Financial Year (P.Y. Rs.266.41 crores) for the estates developed by the Company....".</p> <p>However, it was observed in audit that provision of Rs.266.41 crore pertains to the period up to the end of FY 2014-15. The amount of conversion charges pertaining to the years 2015-16, 2016-17 and 2017-18 (current year) were not provided for. Hence, the disclosure made in the aforesaid note is incomplete.</p>	<p>01.02.2018 are not yet converted into Non-Agricultural purpose by revenue authorities. Further, w.e.f 01.02.2018 lands allotted to APIIC stand converted into non-agricultural purpose and the corporation is empowered to issue certificate to that extent. Further, APIIC is exempt from payment of conversion charges.</p> <p>Also no demands were received from the Revenue Department, GoAP towards conversion charges for the F.Y 2017-18 till date. As such there no liability towards conversion charges for the year and hence no provision was made for the year under audit.</p> <p>It is to inform that vide note no.15.3 it was disclosed that "Pending receipt of decision of the Government, an amount of Rs.266.41 crores was provided towards conversion charges to the end of the financial year (P.Y - Rs. 266.41 Crores) for the estates developed by the company" which indicate that no amount is provided for during the year under the audit as there is no change in the opening and closing balances of the liability for the FY 2017-18.</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 and there are no demands were received from the Revenue Department, GoAP towards conversion charges for the F.Y 2017-18 till date.</p> <p>However, the audit comment is noted for guidance and the disclosure will be made in detail in future.</p> <p>In view of the above, the provisional comment may please be dropped.</p> <p>The company has incorporated the demerger entry in the books of accounts on 02.06.2014 duly transferring assets and</p>
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3)	<p><b><u>AP Reorganisation Adjustment Account - Rs.225.62 crore.</u></b></p> <p>The business of the Company was reorganized and segregated into Andhra Region and Telangana Region as per the provisions of the AP Reorgnaisation Act, 2014 w.e.f. 02.06.2014 consequent to the bifurcation of the erstwhile state of Andhra Pradesh. A new Company namely M/s TSIIC Limited was incorporated on 04.09.2014 under the Companies Act 2013 and took over the Telangana division of M/s APIIC Limited from 02.06.2014.</p> <p>As per the demerger scheme, an amount of Rs.225.60 crore was receivable from M/s TSIIC Limited as part of the bifurcation of the state. The same was indicated AP Reorganisation Adjustment Account. This was not confirmed by M/s TSIIC Limited. Also, owing to some other disputes, M/s TSIIC Limited is showing an amount of Rs.638.11 crore (as on 31.03.2016) as receivable from the company. Hence, the amount indicated in AP Reorganisation Adjustment Account - Rs.225.62 crore could not be confirmed in Audit. The fact that the amount was not confirmed by TSIIC Ltd was not disclosed in notes to accounts.</p>	<p>liabilities pertaining to Telangana Region to TSIIC Limited as per the demerger scheme signed by both the Vice Chairman and Managing directors of APIIC Limited &amp; TSIIC Limited which was approved by the Expert Committee headed by Smt. Sheela Bhide appointed by the Government of India as per the A P Reorganisation Act, 2014.</p> <p>It is mandatory to both APIIC and TSIIC to incorporate Demerger entry as approved by Expert Committee only. Hence, confirmation from TSIIC Limited does not arise.</p> <p>The company communicated the details of amounts due by TSIIC Limited as per the demerger scheme and subsequent adjustments made along with all the details from time to time.</p> <p>As the Demerger Scheme was signed by the VC &amp; MD of TSIIC Limited also, it indicates that the amount of Rs.225.62 crore is due by TSIIC Limited to APIIC Limited. Hence, separate confirmation by TSIIC Limited again and again is not required.</p> <p>In this regard, no separate disclosure is required in the notes to accounts.</p>
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**For and on behalf of the Board of APIIC Limited**

**Sd/-**  
**Sri R.Karikal Valaven, IAS**  
**VC& MD**  
**DIN: 01519945**

**Sd/-**  
**Smt. R.K. Roja, MLA**  
**Chairperson**  
**DIN: 08527722**

**Place: Mangalagiri**  
**Date: 12.06.2020**



**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018**

(Rs.in Crores)

	Particulars	Note No.	Figures as at 31.03.2018	Figures as at 31.03.2017	Figures as at 31.03.2016
	<b>ASSETS</b>				
(1)	<b>Non - Current Assets</b>				
a	Property, Plant and Equipment	3.1.3	223.78	330.50	327.51
b.	Capital Work in Progress	4.1	95.84	72.50	0.00
c.	Investment Property	4.2.3	31.93	32.10	32.26
d.	<b>Financial Assets</b>				
	(i) Investments	5.1	52.24	39.62	35.46
	(ii) Loans	5.2	198.96	339.30	354.09
	(iii) Others	5.3	37.778	21.83	24.27
e.	<b>Other Non - Current Assets</b>				
	(i) Non-Current Tax Assets (Net)	6.1	4.91	10.38	3.50
	(ii) Other Non - Current Assets	6.2	669.08	775.38	678.68
	<b>Non - Current Assets - Total</b>		<b>1314.51</b>	<b>1621.61</b>	<b>1455.77</b>
(2)	<b>Current Assets</b>				
a.	<b>Inventories</b>	7	3363.78	2941.73	2353.90
b.	<b>Financial Assets</b>				
	(i) Trade Receivables	8.1	50.87	70.11	107.27
	(ii) Cash and cash equivalents	8.2	1977.70	36.84	502.50
	(iii) Loans	8.3	59.35	36.84	37.14
	(iv) Others	8.4	34.38	6.46	7.08
c.	<b>Other Current Assets</b>	9	12.45	23.61	22.07
(3)	<b>AP Reorganisation Adjustment Account</b>	10	225.62	225.62	225.62
	<b>Current Assets - Total</b>		<b>5724.15</b>	<b>3548.41</b>	<b>3255.58</b>
	<b>Total Assets</b>		<b>7038.66</b>	<b>5170.02</b>	<b>4711.35</b>
	<b>EQUITY AND LIABILITIES</b>				
(1)	<b>Equity</b>				
	(i) Equity Share Capital	11	9.52	9.52	9.52
	(ii) Other Equity		363.72	367.24	333.72
	<b>Equity - Total</b>		<b>372.74</b>	<b>376.76</b>	<b>343.24</b>
	<b>LIABILITIES</b>				
(2)	<b>Non - Current Liabilities</b>				
a.	<b>Financial Liabilities</b>				
	(i) Borrowings	12.1	2144.51	261.81	280.86
	(ii) Other Financial Liabilities	12.2	754.45	769.82	485.76
b.	<b>Provisions</b>	13	10.54	11.28	11.07
c.	<b>Deferred tax liabilities (Net)</b>	14	0.36	0.15	1.73
d.	<b>Other Non - Current Liabilities</b>	15	1771.94	1704.81	1695.56
	<b>Non - Current Liabilities - Total</b>		<b>4681.80</b>	<b>2747.87</b>	<b>2474.98</b>
(3)	<b>Current Liabilities</b>				
a.	<b>Financial Liabilities</b>				
	(i) Borrowings	16.1	0.34	0.00	0.00
	(ii) Trade Payables	16.2	0.07	2.49	1.65
	(iii) Other Financial Liabilities	16.3	113.89	77.71	66.83
b.	<b>Other Current Liabilities</b>	17	1220.24	1403.89	1378.86
c.	<b>Provisions</b>	18	649.58	561.30	445.79
	<b>Current Liabilities - Total</b>		<b>1984.12</b>	<b>2045.39</b>	<b>1893.13</b>
(4)	<b>Accounting Policies</b>	2			
	<b>Total Equity and Liabilities</b>		<b>7038.66</b>	<b>5170.02</b>	<b>4711.35</b>

AS PER OUR REPORT DATED: 18.12.2019

ANJANEYULU & Co.,  
 CHARTERED ACCOUNTANTS  
 FIRM REG. No.: 000180S

Sd/-  
 K NARAYANA MURTHY  
 PARTNER  
 M.No.: 026012

DATE: 27.11.2019  
 PLACE: MANGALAGIRI

FOR AND ON BEHALF OF THE BOARD

Sd/-  
 MADIREDDY PRATAP, IPS  
 VICE CHAIRMAN &  
 MANAGING DIRECTOR

Sd/-  
 R K ROJA  
 CHAIRPERSON

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



# ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2018

(Rs. in Crores)

	Particulars	Note No.	Current Year (2017-18)	Previous Year (2016-17)
I	Revenue from operations	19	475.97	363.16
II	Other Income	20	50.77	54.65
III	<b>Total Revenue (I + II)</b>		<b>526.74</b>	<b>417.81</b>
IV	<b>Expenses</b>			
a	Cost of Sales	21	344.96	246.00
b	Employee Benefits expense	22	34.50	32.37
c	Finance Costs	23	17.30	0.00
d	Depreciation and amortization expense		3.64	3.82
e	Other expenses	24	128.23	93.32
	<b>Total Expenses</b>		<b>528.63</b>	<b>375.51</b>
V	<b>Profit/(Loss) before Exceptional items and tax (III - IV)</b>		(1.89)	42.30
VI	Exceptional items		0.00	0.00
VII	<b>Profit/(Loss) before tax (V - VI)</b>		(1.89)	42.30
VIII	<b>Tax expense:</b>			
	(1) Current Tax - Current Year		0.64	8.42
	- Previous Years		(0.34)	1.93
	(2) Deffered Tax - Current Year		0.22	(1.57)
IX	<b>Profit/ (Loss) for the period (VII - VIII)</b>		<b>(2.41)</b>	<b>33.52</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>(2.41)</b>	<b>33.52</b>
XII	<b>Earning per equity share (in Rupees):</b>			
	- Basic & Diluted		-	3520.00
	(Face value of Rs.1000/- per Share)			

See Accompanying notes to the financial statements

AS PER OUR REPORT DATED: 18.12.2019

FOR ANJANEYULU ET CO.,  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 0001805

Sd/-  
K NARAYANA MURTHY  
PARTNER  
M.NO. : 026012

FOR AND ON BEHALF OF THE BOARD

Sd/-  
MADIREDY PRATAP, IPS  
VICE CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
R K ROJA  
CHAIRPERSON

DATE: 27.11.2019  
PLACE: MANGALAGIRI

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



ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

(Rs. in Crores)

Details	Share Capital	Other Equity				
		Reserves and Surplus			Other items of other comprehensive income	Total
		Equity shares of Rs.1,000/- each fully paid	Capital Reserve	General Reserve	Retained Earnings	
<b>Balance as at the beginning of the year 2016-17</b>	<b>9.52</b>	<b>7.58</b>	<b>0.00</b>	<b>326.14</b>	<b>0.00</b>	<b>333.72</b>
Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.00	0.00	0.00
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	33.52	0.00	33.52
Any other changes	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance at the end of the reporting year 2016-17</b>	<b>9.52</b>	<b>7.58</b>	<b>0.00</b>	<b>359.66</b>	<b>0.00</b>	<b>367.24</b>
Balance as at the beginning of the year 2017-18	9.52	7.58	0.00	359.66	0.00	367.24
Changes in accounting policy or prior period errors	0.00	0.00	0.00	(1.61)	0.00	(1.61)
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	(2.41)	0.00	(2.41)
Any other changes	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance at the end of the reporting year 2017-18</b>	<b>9.52</b>	<b>7.58</b>	<b>0.00</b>	<b>355.64</b>	<b>0.00</b>	<b>363.22</b>

AS PER OUR REPORT DATED: 18.12.2019  
FOR ANJANEYULU ET CO.,  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 0001805

SD/-  
K NARAYANA MURTHY  
PARTNER  
M.NO. : 026012

FOR AND ON BEHALF OF THE BOARD

SD/-  
MADIREDDY PRATAP, IPS  
VICE CHAIRMAN &  
MANAGING DIRECTOR

SD/-  
R K ROJA  
CHAIRPERSON

DATE: 27.11.2019  
PLACE: MANGALAGIRI

SD/-  
P V SUBBA REDDY  
CHIEF GENERAL MANAGER(F)/C

# **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:**

#### **Basis of Accounting**

##### **2.1 Statement of Compliance**

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). The Company is governed by the provisions of the Companies Act, 2013.

The Ind AS are 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 has adopted Ind AS and the adoption was carried out in accordance with Ind AS 101, 'First time adoption of Indian Accounting Standards'. The transition was carried out from the Generally Accepted Accounting Principles in India (IGAAP) as prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Accounts) Rules, 2014 which was previous GAAP.

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 "/-".

##### **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.

## **2.3 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. All lands and other assets relating to Special Economic Zones which are fixed assets in nature are treated as Fixed Assets and accounted on historical cost and the accumulated depreciation are shown separately. 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.

## **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 within 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. 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.

## **2.1 Income Recognition**

Income from sale of land, sheds and buildings is recognised on execution of sale agreement and handing over physical possession of the premises.

Lease income is recognised in the statement of Profit and Loss on straight line basis over the lease term unless there is another systematic basis which is more representative of the time pattern of the lease. Revenue from lease rental is disclosed net of indirect taxes if any.

Lease premium in respect of Special Economic Zones is being amortised over the lease term and revenue recognised accordingly considering the lease as operating lease.

Processing fee, penal interest income on delayed payments towards land cost and dividend income are recognised on receipt basis.

Allotments cancelled on account of non fulfilment of terms and conditions as per the sale agreement are considered as sales returns.

## **2.11 Expenditure**

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



## **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 Deffered 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 affect 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 except 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 STAND ALONE FINANCIAL STATEMENTS FOR THE F.Y 2017-18

### **BALANCE SHEET:**

#### **NON-CURRENT ASSETS**

#### **3.1 TANGIBLE ASSETS**

##### **3.1.1 GROSS BLOCK AT COST**

(Rs.in Crores)

PARTICULARS	As at 31st March, 2017	Additions during the year	Deductions during the year	As at 31st March, 2018
LAND including Land Development	0.06	0.00	0.00	0.06
BUILDINGS	2.93	0.00	0.00	2.93
REFRIGERATORS, ACs AND AIR COOLERS	0.12	0.02	0.00	0.14
FURNITURE AND FIXTURES	0.78	0.03	0.00	0.79
OFFICE EQUIPMENT	0.57	0.06	0.00	0.63
VEHICLES	1.51	0.00	0.00	1.51
ELECTRICAL EQUIPMENT	0.29	0.01	0.00	0.30
DRAWING EQUIPMENT	0.01	0.00	0.00	0.01
COMPUTER	3.28	0.14	0.00	3.42
QUALITY CONTROL EQUIPMENT	0.00	0.00	0.00	0.00
LAND - SEZ	252.95	0.00	103.50	143.45
LAND DEVELOPMENT - SEZ	45.92	0.00	0.00	45.92
BUILDING - SEZ	0.06	0.00	0.00	0.06
WATER SUPPLY-SEZ	10.04	0.00	0.00	10.04
SEWERAGE - SEZ	10.29	0.00	0.00	10.29
EXTERNAL ELECTRIFICATION - SEZ	5.03	0.00	0.00	5.03
ROADS AND BRIDGES - SEZ	65.49	0.00	0.00	65.49
SOLAR POWER PLANT	12.64	0.00	0.00	12.64
CURRENT YEAR	411.95	0.25	103.50	308.71
PREVIOUS YEAR	405.29	7.27	0.51	411.95

##### **3.1.2 DEPRECIATION BLOCK**

(Rs.in Crores)

PARTICULARS	As at 31st March, 2017	Additions during the year	Deductions during the year	As at 31st March, 2018
BUILDINGS	0.75	0.04	0.00	0.79
REFRIGERATORS, ACs AND AIR COOLERS				
0.10 0.01 0.00 0.11 FURNITURE AND FIXTURES	0.39	0.06	0.00	0.45
OFFICE EQUIPMENT	0.43	0.05	0.00	0.48
VEHICLES	0.71	0.17	0.00	0.88
ELECTRICAL EQUIPMENT	0.14	0.03	0.00	0.17
DRAWING EQUIPMENT	0.01	0.00	0.00	0.01
COMPUTER	1.53	0.83	0.00	2.36
QUALITY CONTROL EQUIPMENT	0.00	0.00	0.00	0.00
BUILDING-SEZ	0.01	0.00	0.00	0.01
WATER SUPPLY-SEZ	4.21	0.71	0.00	4.92
SEWERAGE-SEZ	2.06	0.33	0.00	2.39
EXTERNAL ELECTRIFICATION - SEZ	3.22	0.57	0.00	3.79
ROADS AND BRIDGES-SEZ	65.28	0.21	0.00	65.49
SOLAR POWER PLANT	2.61	0.47	0.00	3.08
CURRENT YEAR	81.45	3.48	0.00	84.93
PREVIOUS YEAR	77.78	3.69	0.01	81.45

**3.1.3 NET BLOCK**

(Rs.in Crores)

<b>PARTICULARS</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>
LAND including Land Development	0.06	0.06
BUILDINGS	2.14	2.18
REFRIGERATORS, ACs AND AIR COOLERS	0.03	0.02
FURNITURE AND FIXTURES	0.34	0.37
OFFICE EQUIPMENT	0.15	0.14
VEHICLES	0.63	0.80
ELECTRICAL EQUIPMENT	0.13	0.15
DRAWING EQUIPMENT	0.00	0.00
COMPUTER	1.06	1.75
LAND - SEZ	149.45	252.95
LAND DEVELOPMENT - SEZ	45.92	45.92
BUILDING - SEZ	0.05	0.05
WATER SUPPLY - SEZ	5.12	5.83
SEWERAGE - SEZ	7.90	8.23
EXTERNAL ELECTRIFICATION - SEZ	1.24	1.81
ROADS AND BRIDGES - SEZ	0.00	0.21
SOLAR POWER PLANT	9.56	10.03
<b>CURRENT YEAR</b>	<b>223.78</b>	<b>330.50</b>
<b>PREVIOUS YEAR</b>	<b>330.50</b>	<b>327.51</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 same was shown under the head Buildings in Fixed Assets pending completion of registration formalities by the respective parties.

**3.1.5. 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.3.64 crores (Previous Year: Rs.3.81 crores) was charged to Profit and Loss statement.

**3.1.6. 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 income on lease premium is being recognised proportionately depending upon the lease period and lease rentals are accounted for as revenue.

The assets related to Special Economic Zones are exhibited under Plant, Property and Equipment as the same are held in the ordinary course of business for allotment to Industrial Entrepreneurs on lease basis for development of SEZs. Further, they are treated as fixed assets as the main objective is not for earning any lease rentals or for commercial appreciation.

3.1.7. There is no impairment of Fixed Assets during the year

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>4.1 CAPITAL WORK IN PROGRESS</b>			
Construction of Incubation Centres etc.			
As per last Balance Sheet	72.50	0.00	33.35
Add: Additions during the period	23.34	79.25	7.09
Less: Adjustment against Grant	0.00	6.75	40.44
<b>TOTAL</b>	<b>95.84</b>	<b>72.50</b>	<b>0.00</b>

## 4.2 INVESTMENT PROPERTY

### 4.2.1 GROSS BLOCK AT COST

(Rs.in Crores)

PARTICULARS	As at 31st March, 2017	Additions during the year	Deductions during the year	As at 31st March, 2018
LAND	22.23	0.00	0.00	22.23
BUILDINGS	10.33	0.00	0.00	10.33
<b>CURRENT YEAR</b>	<b>32.56</b>	<b>0.00</b>	<b>0.00</b>	<b>32.56</b>
<b>PREVIOUS YEAR</b>	<b>32.56</b>	<b>0.00</b>	<b>0.00</b>	<b>32.56</b>

### 4.2.2 DEPRECIATION BLOCK

(Rs.in Crores)

PARTICULARS	As at 31st March, 2017	Additions during the year	Deductions during the year	As at 31st March, 2018
BUILDINGS	0.46	0.17	0.00	0.63
<b>CURRENT YEAR</b>	<b>0.46</b>	<b>0.17</b>	<b>0.00</b>	<b>0.63</b>
<b>PREVIOUS YEAR</b>	<b>0.30</b>	<b>0.16</b>	<b>0.00</b>	<b>0.46</b>

### 4.2.3 NET BLOCK

(Rs.in Crores)

PARTICULARS	As at 31st March, 2018	As at 31st March 2017
LAND	22.23	22.23
BUILDINGS	9.70	9.87
<b>CURRENT YEAR</b>	<b>31.93</b>	<b>32.10</b>
<b>PREVIOUS YEAR</b>	<b>32.10</b>	<b>32.26</b>

Land and Buildings held by the company for allotment on lease basis other than SEZs and in which insignificant portion is held for administrative purpose are treated as investment property.

## 5 FINANCIAL ASSETS

### (NON - CURRENT ASSETS)

	% of Holding	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>5.1 INVESTMENTS</b>				
<b>A INVESTMENTS IN EQUITY INSTRUMENTS</b>				
<b>INVESTMENTS IN SUBSIDIARY COMPANIES</b>				
I 2,71,66,000 equity shares of Rs.10/- each fully paid up in A P Gas Infrastructure Corporation P Ltd	51	2.72	2.72	25.40
II 51,000 equity shares of Rs. 10/- each fully	51	1.80	0.05	0.05

paid-up in Krishnapatnam International  
Leather Complex Pvt. Ltd.

**INVESTMENTS IN JOINT VENTURES**

III	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	22.03
IV	72,20,966 equity shares of Rs.10/- each fully paid-up in Atchutapuram Effluent Treatment Limited (Previous Year 7,69,000 equity shares of Rs. 10/- each)	49	7.22	0.77	0.00

**INVESTMENTS IN ASSOCIATE COMPANIES**

V	52,00,000 equity shares of Rs.10/- each fully paid up in Ace Urban Hitech City Limited (formerly L & T Hitech City Limited)	26	5.20	5.20	5.20
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**INVESTMENTS IN RELATED PARTY COMPANIES**

VI	15,00,000 equity shares of Rs.10/- each full pad-up in Bharatiya International SEZ Ltd	11.05	1.50	1.50	1.50
VII	17,32,104 equity shares of Rs.10/- each fully paid-up in Ace Urban Infocity Limited (formerly L&T Infocity Ltd)(includes 5,77,368 Bonus shares issued on May 12, 2003)	11	1.15	1.15	1.15
VIII	19,80,000 equity shares of Rs.10/- each fully paid-up in Ramky Pharma City (India) Ltd	11	1.98	1.98	1.98
IX	12,145 equity shares of Rs.10/- each fully paid-up in Hyderabad Information Technology Venture EnterprisesLtd	8	0.01	0.01	0.01
X	2,429 equity shares of Rs.10/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (Rs. 24,290/-)	8	0.00	0.00	0.00
XI	44,000 equity shares of Rs.10/- each fully paid-up in Vizag IT Park Ltd	0.49	0.04	0.04	0.04

**B OTHER INVESTMENTS**

449 Units of Rs.25,000/- each fully paid-up in  
Cyberabad Trustee Company (P) Ltd  
(HIVE FUND)

1.12	1.12	1.12
<b>44.77</b>	<b>36.57</b>	<b>58.48</b>

**Add : Deposit towards share  
application money**

Atchutapuram Effluent Treatment Limited	0.00	5.86	0.00
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A.P Aerospace & Defence Electronics			
Park P Ltd	13.00	0.00	0.00
Bhagyanagar Gas Ltd	2.39	2.39	2.39
	<b>60.16</b>	<b>44.82</b>	<b>60.87</b>
<b>Less: provision for impairment of investments</b>			
AP Gas Infrastructure Corporation Limited	2.72	0.00	25.40
Ace Urban Hitech City Limited (formerly L & T Hitech City Limited)	5.20	5.20	0.00
CTCPL - HIVE Fund	0.00	0.00	0.01
<b>TOTAL</b>	<b>52.24</b>	<b>39.62</b>	<b>35.46</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.

During 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% equity contribution of 2,71,66,000 equity shares @ Rs.10/- each) towards investment in APGIC as the subsidiary company has been incurring losses continuously for the last three years. Further, an amount of Rs.2.72 crores was provided towards impairment of investments during the year as APGIC 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 during 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.1.75 crores is added to the original cost of investments and exhibited as Rs.1.80 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. The Company invested an amount of Rs.6.53 crores in cash in the JV Company upto the end of the year.

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

The company has invested an amount of Rs.7.22 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 72,20,966 Equity shares of Rs.10/- each were allotted as at the end of the year.

#### 5.1.5 Investments in A.P Aerospace & Defence Electronics Park Pvt. 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 is to be received in the form of Equity Shares towards 26% share 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. The shares are yet to be allotted as at the end of the year.



#### 5.1.6 Provision for Impairment of investments

An amount of Rs. 5.20 crores was provided towards impairment in the value of investments during the previous year in respect of investments made in Ace Urban Hitech City Limited (formerly L & T Hitech City Limited) upto the end of the year.

#### 5.1.7 Investments transferred to TSIIIC Limited :

The Investments held by the company in the following Subsidiary Companies/ Joint Ventures/ Associate Companies were transferred to TSIIIC 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, the share/ debenture certificates in respect of the investments apportioned to TSIIIC Limited are in the name of APIIC Limited and continues to be in the name of APIIC Limited till approval of the Demerger Scheme.

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 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

(Rs.in Crores)	(Rs.in Crores)	(Rs. in Crores)
As at 31-3-2018	As at 31-3-2017	As at 31-3-2016

#### 5.2 LOANS

##### Secured and Considered Good:

Loans & Advances to related Parties	144.51	261.81	280.86
Advances to Staff	1.30	1.22	1.38
<b>sub-total</b>	<b>145.81</b>	<b>263.03</b>	<b>282.24</b>

##### Unsecured and Considered Good:

Loans & Advances to related Parties	49.61	33.34	29.60
Advances to Staff	0.07	0.11	0.18
Other Loans & Advances	3.47	42.82	42.07
<b>sub-total</b>	<b>53.15</b>	<b>76.27</b>	<b>71.85</b>

<b>TOTAL</b>	<b>198.96</b>	<b>339.30</b>	<b>354.09</b>
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### 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 31.03.2018	AMOUNTS WRITTEN OFF/ WRITTEN BACK
1. AP Gas Infrastructure Corporation Pvt Limited	Subsidiary	1.19	1.21	0.00
2. Krishnapatnam International Leather Complex P Ltd	Subsidiary	21.35	22.05	0.00
3. Visakhapatnam Industrial Water Supply Company(Secured Loan)	Joint Venture	0.00	46.00	0.00
4. Visakhapatnam Industrial Water Supply Company(Acc. Interest on Secured Loan)	Joint Venture	13.24	159.05	0.00
5. Visakhapatnam Industrial Water Supply Company (Acc.Interest on Unsecured Loan)	Joint Venture	3.15	15.02	0.00
6. Atchutapuram Effluent Treatment Limited	Joint Venture	10.38	13.81	0.00
7. Atchutapuram Effluent Treatment Limited(Acc. Interest)	Joint Venture	0.37	0.40	0.00
<b>TOTAL</b>		<b>49.68</b>	<b>257.54</b>	<b>0.00</b>

### 5.2.2 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.

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>5.3 OTHERS</b>			
Fixed Deposits	0.00	0.00	13.45
Securities against Guarantees	0.20	0.20	0.00
Accrued int. on Fixed Deposits	0.03	0.09	2.03
Others	37.54	21.54	8.79
<b>TOTAL</b>	<b>37.77</b>	<b>21.83</b>	<b>24.27</b>
<b>6 OTHER NON - CURRENT ASSETS</b>			
<b>6.1 CURRENT TAX ASSETS (NET)</b>	<b>4.91</b>	<b>10.38</b>	<b>3.50</b>
<b>6.2 OTHER NON - CURRENT ASSETS</b>			
Due from GoAP	0.00	0.00	0.00
Taxes paid under protest	47.59	46.91	46.87
Security Deposits (Unsecured)	0.46	0.32	0.21
Deposit towards Land Acquisition	611.59	724.53	621.90
Others	9.44	3.62	9.70
<b>TOTAL</b>	<b>669.08</b>	<b>775.38</b>	<b>678.68</b>

## 7.1 Government Lands:

The company is taking possession of Government Lands in various places in the state pending alienation orders from the Government of Andhra Pradesh. Pending alienation orders, the land taken possession is 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.

Stock in trade - Land includes the following lands which are under dispute.

NAME OF THE ESTATE	EXTENT IN ACRES	VALUE (Rs. in crores)
IP - RAMANNAPALEM, KAKINADA	2.48	0.25
	<b>2.48</b>	<b>0.25</b>

## 8 FINANCIAL ASSETS

### 8.1 TRADE RECEIVABLES

(Unsecured and Considered Good)	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
Debts exceeding 12 months	52.06	70.70	105.57
Other debts	8.01	6.57	5.75
	60.07	77.27	111.32
Less: Provision for doubtful debts	9.20	7.16	4.05
<b>TOTAL</b>	<b>50.87</b>	<b>70.11</b>	<b>107.27</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. In respect of Deposit towards works undertaken, no provision was created towards bad and doubtful debts.

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>8.2 CASH AND BANK BALANCES</b>			
<b>I) CASH AND CASH EQUIVALENTS</b>			
Balance in Bank Accounts	27.73	84.44	41.24
Balance with Banks - Estates	2.53	1.43	0.20
Cash in Transit	0.44	2.11	0.00
<b>Bank Deposits less than 3 months</b>			
Fixed Deposits	32.34	0.07	0.00
Accrued interest on Fixed Deposits	1.04	0.36	0.00
<b>sub-total</b>	<b>64.08</b>	<b>88.41</b>	<b>41.44</b>

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

**Earmarked Balances with Banks**

Public Deposit Account	1,527.55	51.64	407.87
Other Bank Accounts	47.11	13.50	18.37

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

Fixed Deposits	326.61	66.09	13.08
Securities against Guarantees	6.40	20.23	19.70
Accrued interest on Fixed Deposits	5.95	4.17	2.04

**sub-total**

1,913.62	155.63	461.06
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**TOTAL**

1,977.70	244.04	502.50
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**8.3 LOANS**

**Secured and Considered Good:**

Loans & Advances to related Parties	59.00	36.48	36.45
Advances to Staff	0.31	0.29	0.45

**sub-total**

59.31	36.77	36.90
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**Unsecured and Considered Good:**

Advances to Staff	0.03	0.00	0.03
Interest free Loans & Advances to Staff & Others	0.01	0.07	0.21

**sub-total**

0.04	0.07	0.24
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**TOTAL**

59.35	36.84	37.14
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(Rs.in Crores) (Rs.in Crores) (Rs. in Crores)  
As at 31-3-2018 As at 31-3-2017 As at 31-3-2016

**8.4 OTHERS**

Due from TSIIIC	5.14	5.14	5.41
Due from GoAP	27.69	0.00	0.00
Other Advances	1.55	1.32	1.67

**TOTAL**

34.38	6.46	7.08
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**9 OTHER CURRENT ASSETS**

Tax Deducted at Source	3.95	7.85	6.08
MAT Credit	3.21	10.31	10.31
Other advances	5.29	5.45	5.68

**TOTAL**

12.45	23.61	22.07
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**9.1** Fixed Deposits include the following amounts held with the banks mentioned against each towards collateral Security in respect of Bank Guarantee arranged on behalf of Andhra Pradesh Gas Infrastructure Corporation Pvt Limited

(Rs. In crores)

NAME OF THE BANK	AMOUNT INVESTED	COLLATERAL SECURITY	FREE HOLD AMOUNT
HDFC Bank, Gurunanak Colony, Vijayawada	3.44	3.44	0.00
Andhra Bank, Ring Road Branch, Vijayawada	0.20	0.20	0.00
Canara Bank, SME Branch, Vijayawada	2.96	2.96	0.00
<b>TOTAL</b>	<b>6.60</b>	<b>6.60</b>	<b>0.00</b>

9.2 The accrued interest on fixed deposits for the year ending is calculated on simple interest rate basis.

9.3 The balances in respect of Sundry debtors, Loans and advances are subject to confirmation.

9.4 MAT Credit Receivable comprises of amounts relating to F.Y 2014-15 Rs.3.21 crores.

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>10 AP REORGANISATION</b>			
<b>ADJUSTMENT ACCOUNT</b>	<b>225.62</b>	<b>225.62</b>	<b>225.62</b>
<b>11 EQUITY SHARE CAPITAL</b>			
Authorised Capital			
2,00,000 equity shares of Rs. 1000/- each	20.00	20.00	20.00
Issued,Subscribed and Paid up Capital			
Equity Shares of Rs. 1000/- each	9.52	9.52	9.52
<b>Total 95,222 equity shares of Rs. 1000/- each</b>	<b>9.52</b>	<b>9.52</b>	<b>9.52</b>

11.1 Details of Shareholders holding more than 5% (percent) shares in the Company:

	As at 31st March 2018		As at 31st March 2017	
	No. of shares	% of holding	No. of shares	% of holding
Government of Andhra Pradesh including its nominees	95222	100%	95222	100%

11.2 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.

**NON-CURRENT LIABILITIES:**

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>12 FINANCIAL LIABILITIES</b>			
<b>12.1 BORROWINGS - Secured</b>			
Loan from RINL	0.00	96.00	120.00
Loan from NTPC	0.00	20.00	25.00
Term Loans from Banks	2,000.00	0.00	0.00
Interest accrued but not due (Payable from 2022-23)	144.51	145.81	135.86
<b>TOTAL</b>	<b>2,144.51</b>	<b>261.81</b>	<b>280.86</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.

Out of the principal outstanding at the end of the previous year, an amount of Rs.25.00 crores to NTPC and Rs.74.00 crores to RINL was repaid by VIWSCO during the year. Further, the outstanding balance of Rs.46.00 crores was shown under current maturities of long term debts due to certainty of repayment by VIWSCO.

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

### 12.1.2 Loan from Banks

During the financial year, 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

NAME OF THE BANK	(Rs. in crores)			
	2017-18		2016-17	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
Union Bank of India	500.00	0.00	0.00	0.00
Canara Bank	750.00	0.50	0.00	0.00
Bank of India	750.00	0.04	0.00	0.00
<b>TOTAL</b>	<b>2,000.00</b>	<b>0.54</b>	<b>0.00</b>	<b>0.00</b>

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 year towards Guarantee Commission on loan availed from Union Bank of India and the balance amount of Rs.30.00 crores is payable to the Government which is exhibited under other financial liabilities.

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

An amount of Rs.176.33 crores was incurred towards land acquisition for VCIC out of the loan amount. Further, an amount of Rs.264.86 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.

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>12.2 OTHER FINANCIAL LIABILITIES</b>			
Due to GoAP - Land	712.61	765.96	483.48
Other Liabilities	41.84	3.86	2.28
<b>TOTAL</b>	<b>754.45</b>	<b>769.82</b>	<b>485.76</b>

### 13 PROVISIONS

#### Provision for leave Benefits

As per the last balance sheet	11.28	11.07	7.64
Add: Additions during the year	10.54	11.28	11.07
Less: Payments / adjustments during year	11.28	11.07	7.64
<b>TOTAL</b>	<b>10.54</b>	<b>11.28</b>	<b>11.07</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 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
Deferred Tax Liability	4.39	4.34	5.75
Less: Deferred Tax Asset	4.03	4.19	4.02
<b>Net Deferred Tax Liability (Asset)</b>	<b>0.36</b>	<b>0.15</b>	<b>1.73</b>



**15 OTHER NON - CURRENT LIABILITIES**

Funds for incubation centers, Millenium Towers etc.	48.93	98.54	57.64
Deposit towards works undertaken	285.64	187.25	249.96
Deposits towards Lease Premium - SEZ & NON SEZ	974.24	944.59	939.62
Land Conversion Charges	262.93	266.41	266.41
Other liabilities	200.20	208.02	181.93
<b>TOTAL</b>	<b>1,771.94</b>	<b>1,704.81</b>	<b>1,695.56</b>

**15.1 Construction of Incubation Centres, Millenium Towers etc.:**

Information Technology, Electronics and Communication Department, Government of Andhra Pradesh have released the following amounts for undertaking various works like Construction of Incubation Centres, Millenium Towers, Electronic Manufacturing Cluster etc., which is as follows:

(Rs. in crores)

SCHEME	2017-18	2016-17
Millenium Towers - Visakhapatnam	0.00	57.26
IT Business Centre, Tirupati	0.43	1.50
IT Layout, Kapuluppada	0.00	24.60
IT Layout, Mangalagiri	2.12	0.00
<b>TOTAL</b>	<b>2.55</b>	<b>83.36</b>

An amount of Rs. NIL (Previous Year Rs.6.75 crores) towards expenditure incurred for construction of IT Incubation Centers was adjusted during the year against the grants received from ITE & C Department, Government of Andhra Pradesh since the incubation centers are ready for use and are operational.

**15.2 Deposit towards works undertaken:**

The Company has been executing civil works on behalf of various departments 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.

**15.3 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.266.41 crores was provided towards conversion charges to the end of the Financial Year (P.Y. Rs. 266.41 crores) for the estates developed by the company. 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.



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 year is retained in the Books of Accounts.

**15.4 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, an amount of Rs. NIL were released by Government of India during the year (Previous Year Rs. 7.61 crores).

**15.5 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, an amount of Rs.4.41 crores (Previous year Rs. 2.08 crores) was received during the year.

**15.6 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	2017-18	2016-17
MIIUS, Bobbili	0.00	2.60
MIIUS, Hindupur	5.76	4.48
Mega Food Park, Mallavalli	15.00	0.00
JRD Tata	1.55	1.97
<b>TOTAL</b>	<b>22.31</b>	<b>9.05</b>

**CURRENT LIABILITIES**

	(Rs.in Crores)	(Rs.in Crores)	(Rs. in Crores)
<b>16 FINANCIAL LIABILITIES</b>	<b>As at 31-3-2018</b>	<b>As at 31-3-2017</b>	<b>As at 31-3-2016</b>
<b>16.1 BORROWINGS</b>			
Accrued interest on Loan from Banks	0.34	0.00	0.00
<b>TOTAL</b>	<b>0.34</b>	<b>0.00</b>	<b>0.00</b>
<b>16.2 TRADE PAYABLES</b>			
Trade Payables	0.07	2.49	1.65
<b>TOTAL</b>	<b>0.07</b>	<b>2.49</b>	<b>1.65</b>
<b>16.2.1 Sundry Creditors and other deposits are subject to confirmation.</b>			
<b>16.3 OTHER FINANCIAL LIABILITIES</b>			
Other Liabilities	54.89	41.26	30.38
Current maturities of long term Debt	46.00	29.00	29.00
Interest accrued and due on borrowings	13.00	7.45	7.45
<b>TOTAL</b>	<b>113.89</b>	<b>77.71</b>	<b>66.83</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. 83.31 crores (Previous Year - Rs.67.61 crores).

	(Rs.in Crores)	(Rs.in Crores)	(Rs. in Crores)
<b>17 OTHER CURRENT LIABILITIES</b>	As at 31-3-2018	As at 31-3-2017	As at 31-3-2016
Deposits received from allottees	1,177.91	1,186.46	1,161.82
Other Current Liabilities	42.33	217.43	217.04
<b>TOTAL</b>	<b>1,220.24</b>	<b>1,403.89</b>	<b>1,378.86</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 exhibited as due to textile department i.e., M/s Vizag Apperal Park under other current liabilities.

<b>18 PROVISIONS</b>	(Rs.in Crores)	(Rs.in Crores)	(Rs. in Crores)
<b>(a) PROVISION FOR EMPLOYEE BENEFITS</b>	As at 31-3-2018	As at 31-3-2017	As at 31-3-2016
<b>18.1 Provision for leave Benefits</b>			
As per the last balance sheet	0.84	0.55	0.55
Add: Additions during the year	1.10	0.84	0.55
Less: Payments/adjustments during year	0.84	0.55	0.55
<b>sub-total</b>	<b>1.10</b>	<b>0.84</b>	<b>0.55</b>

**(b) OTHERS**

<b>18.2 Provision for PS charges</b>			
As per the last balance sheet	3.11	1.50	1.76
Add: Additions during the year	3.60	3.59	1.59
Less: Payments/adjustments during year	4.20	1.98	1.85
<b>sub-total</b>	<b>2.51</b>	<b>3.11</b>	<b>1.50</b>

<b>18.3 Provision for Contractual Obligations</b>			
As per the last balance sheet	536.77	431.58	468.95
Add: Additions during the year	644.25	536.77	55.82
Less: Adjustments made during year	536.77	431.58	93.19
<b>sub-total</b>	<b>644.25</b>	<b>536.77</b>	<b>431.58</b>

<b>18.4 Provision for taxation</b>			
As per the last balance sheet	20.12	11.70	20.71
Add: Additions during the year	0.65	8.42	11.70
Less: Payments/adjustments during year	19.86	0.00	20.71
<b>sub-total</b>	<b>0.91</b>	<b>20.12</b>	<b>11.70</b>

<b>18.5 Provision for Writedown of Inventories</b>			
As per the last balance sheet	0.46	0.46	0.47
Add: Additions during the year	0.35	0.00	0.00
Less: Payments/adjustments during year	0.00	0.00	0.01
<b>sub-total</b>	<b>0.81</b>	<b>0.46</b>	<b>0.46</b>

<b>TOTAL</b>	<b>649.58</b>	<b>561.30</b>	<b>445.79</b>
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## 18.6 CONTINGENT LIABILITIES AND COMMITMENTS Contingent Liabilities

S.No	PARTICULARS	31.03.2018 (Rs.in crores)	31.03.2017 (Rs.in crores)
a	Claims against the company not acknowledged as debts	31.56	31.56
b	Guarantees	6.60	15.36
c	Other money for which the company is contingently liable :		
	i) Income Tax Demands	3.68	2.33
	ii) Service Tax Demands	5.45	3.14
	iii) Legal cases	754.30	741.31
	iv) Conversion Charges	552.41	552.41
	<b>TOTAL</b>	<b>1,315.84</b>	<b>1,299.19</b>
	<b>GRAND TOTAL</b>	<b>1,354.00</b>	<b>1,346.11</b>

### Commitments

S.No	PARTICULARS	31.03.2018 (Rs.in crores)	31.03.2017 (Rs.in crores)
a	Other Commitments	71.66	224.63
	<b>TOTAL</b>	<b>71.66</b>	<b>224.63</b>

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017
<b>19 REVENUE FROM OPERATIONS</b>		
Sale of Land, Sheds, etc... less Sales Returns	413.99	313.26
Lease and other rental income	14.97	13.61
Water Demands	27.35	21.26
Interest on Hire Purchase, ORS and lease	11.59	7.51
Other Operating Revenue	8.07	7.52
<b>TOTAL</b>	<b>475.97</b>	<b>363.16</b>

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017
<b>20 OTHER INCOME</b>		
Interest Income	22.21	18.11
Dividend	0.51	0.01
Other non operating income	28.05	36.53
<b>TOTAL</b>	<b>50.77</b>	<b>54.65</b>

### EXPENDITURE

<b>21 COST OF SALES</b>		
Cost of sales - Land & Sheds	344.96	246.00
<b>TOTAL</b>	<b>344.96</b>	<b>246.00</b>

**22 EMPLOYEE BENEFITS EXPENSES**

Salaries and Allowances	30.68	28.79
Contribution towards Provident and other Funds	2.25	2.27
Contribution to Group Gratuity Premium	0.04	0.01
Staff Welfare Expenses	1.53	1.30
<b>TOTAL</b>	<b>34.50</b>	<b>32.37</b>

**22.1** Salaries and Allowances includes managerial remuneration to Directors

**22.2** 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. As there is no financial implication for the two days during the year and no additional liability due to enhancement in respect of the employees retired during March, 2018, no provision was made in the books of accounts during the year for the premium payable if any.

**22.3 Managerial Remuneration to Directors**

	<b>For the year 2017-18 Rs. in crores</b>	<b>For the year 2016-17 Rs. in crores</b>
Salaries and Allowances	0.47	0.61
Medical Expenses	0.01	0.01
Rent	0.06	0.02
<b>TOTAL</b>	<b>0.54</b>	<b>0.64</b>

**23 FINANCE COST**

	<b>(Rs.in Crores) As at 31-3-2018</b>	<b>(Rs.in Crores) As at 31-3-2017</b>
Interest on Term Loans from banks	17.30	0.00
<b>TOTAL</b>	<b>17.30</b>	<b>0.00</b>

**24 OTHER EXPENSES**

(a) Rebate to allottees on Land Cost	12.93	7.59
(b) Guarantee Commission to GoAP	40.00	0.00
(c) Repairs and Maintenance	0.30	0.23
(d) Expenditure on ERP & Others	0.15	0.46
(e) Grant to AETL	0.00	3.21
<b>(f) ADMINISTRATION &amp; GENERAL EXPENSES</b>		
Travelling Expenses	0.72	1.52
Rent	0.93	0.75
Rates and taxes	0.28	0.04
Vehicle maintenance	2.22	1.61
Electricity charges	2.85	2.75
Water charges	15.21	10.44
R&M - Estates, Preliminary Land Survey Etc.,	3.53	3.95
Insurance	0.02	0.02
Expenditure on Social Welfare	1.10	2.59
Provision for impairment of investments	2.72	5.20
Other expenses	45.27	57.08
<b>sub-total</b>	<b>74.85</b>	<b>85.95</b>

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017
(g) Prior period items (net)	0.00	-4.12
<b>TOTAL (a + b + c + d + e + f + g)</b>	<b>128.23</b>	<b>93.32</b>

24.1	Other Administrative expenses includes the following auditors' remuneration:	(Rs.in lakhs) As at 31-3-2018	(Rs. in Lakhs) As at 31-3-2017
	Statutory Audit fee	3.00	3.00
	Out of pocket expenses	0.50	0.50
	Fee for Audit of Consolidation of Accounts	1.50	1.50
	Others	0.00	0.00
	Service Tax / GST thereon	0.00	0.81
	<b>Total</b>	<b>5.00</b>	<b>5.81</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 As per section 135 of the Companies Act, 2013, the company is required to spend an amount of Rs. 0.72 crores during the year towards expenditure on Corporate Social Responsibility. Accordingly, during the year an amount of Rs.1.10 crore was spent towards Corporate Social Responsibility for construction of rythu bazar, anganvadi schools and community halls at veduruwada and dibbapalem, visakhapatnam.

## 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 TSIC 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 Reorganisation 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 TSIC 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 are apportioned on location basis and pertaining to Head Quarters are 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	203.10
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	2,778.96
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>

26.1 Reconciliation of Equity as previously reported under IGAAP to Ind AS for the Year 2016-17:

(Rs.in Crores)

Particulars	Note No.	Balance Sheet as at 31.03.2017		
		IGAAP	Effects of transition to Ind AS	Ind AS
<b>ASSETS</b>				
<b>(1) Non - Current Assets</b>				
a. Property, Plant and Equipment	3.1.3	340.37	(9.87)	330.50
b. Capital Work in Progress	4.1	72.50	0.00	72.50
c. Investment Property	4.2.3	0.60	31.50	32.10
<b>d. Financial Assets</b>				
(i) Investments	5.1	39.62	0.00	39.62
(ii) Loans	5.2	339.30	0.00	339.30
(iii) Others	5.3	26.97	(5.14)	21.83
<b>e. Other Non - Current Assets</b>				
(i) Non-Current Tax Assets (Net)	6.1	0.00	10.38	10.38
(ii) Other Non - Current Assets	6.2	899.34	(123.96)	775.38
<b>Non - Current Assets - Total</b>		<b>1718.70</b>	<b>(97.09)</b>	<b>1621.61</b>
<b>(2) Current Assets</b>				
a. Inventories	7	2963.36	(21.63)	2941.73
<b>b. Financial Assets</b>				
(i) Trade Receivables	8.1	70.11	0.00	70.11
(ii) Cash and cash equivalents	8.2	153.55	90.49	244.04
(iii) Loans	8.3	36.84	0.00	36.84
(iv) Others	8.4	91.81	(85.35)	6.46
<b>c. Other Current Assets</b>	9	135.70	(112.09)	23.61
<b>(3) AP Reorganisation Adjustment Account</b>	10	0.00	225.62	225.62
<b>Current Assets - Total</b>		<b>3451.37</b>	<b>97.04</b>	<b>3548.41</b>
<b>Total Assets</b>		<b>5170.07</b>	<b>(0.05)</b>	<b>5170.02</b>
<b>EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(i) Equity Share Capital	11	9.52	0.00	9.52
(ii) Other Equity		367.24	0.00	367.24
<b>Equity - Total</b>		<b>376.76</b>	<b>0.00</b>	<b>376.76</b>
<b>LIABILITIES</b>				
<b>(2) Non - Current Liabilities</b>				
<b>a. Financial Liabilities</b>				
(i) Borrowings	12.1	261.81	0.00	261.81
(ii) Other Financial Liabilities	12.2	769.82	0.00	769.82
<b>b. Provisions</b>	13	11.28	0.00	11.28
<b>c. Deferred tax liabilities (Net)</b>	14	0.15	0.00	0.15
<b>d. Other Non - Current Liabilities</b>	15	970.53	734.28	1704.81
<b>Non - Current Liabilities - Total</b>		<b>2013.59</b>	<b>734.28</b>	<b>2747.87</b>
<b>(3) Current Liabilities</b>				
<b>a. Financial Liabilities</b>				
(i) Borrowings	16.1	0.00	0.00	0.00
(ii) Trade Payables	16.2	2.49	0.00	2.49
(iii) Other Financial Liabilities	16.3	77.71	0.00	77.71
<b>b. Other Current Liabilities</b>	17	2138.22	(734.33)	1403.89
<b>c. Provisions</b>	18	561.30	0.00	561.30
<b>Current Liabilities - Total</b>		<b>2779.72</b>	<b>(734.33)</b>	<b>2045.39</b>
<b>Total Equity and Liabilities</b>		<b>5170.07</b>	<b>(0.05)</b>	<b>5170.02</b>



## 26.2 Reconciliation of Equity as previously reported under IGAAP to Ind AS for the Year 2015-16:

(₹. in Crores)

Particulars	Note No.	Balance Sheet as at 31.03.2016		
		IGAAP	Effects of transition to Ind AS	Ind AS
<b>ASSETS</b>				
<b>(1) Non - Current Assets</b>				
a. Property, Plant and Equipment	3.1.3	337.54	(10.03)	327.51
b. Capital Work in Progress	4.1	0.00	0.00	0.00
c. Investment Property	4.2.3	0.60	31.66	32.26
<b>d. Financial Assets</b>				
(i) Investments	5.1	35.46	0.00	35.46
(ii) Loans	5.2	354.09	0.00	354.09
(iii) Others	5.3	29.68	(5.41)	24.27
<b>e. Other Non - Current Assets</b>				
(i) Non-Current Tax Assets (Net)	6.1	0.00	3.50	3.50
(ii) Other Non - Current Assets	6.2	809.43	(130.75)	678.68
<b>Non - Current Assets - Total</b>		<b>1566.80</b>	<b>(111.03)</b>	<b>1455.77</b>
<b>(2) Current Assets</b>				
a. Inventories	7	2375.53	(21.63)	2353.90
<b>b. Financial Assets</b>				
(i) Trade Receivables	8.1	107.27	0.00	107.27
(ii) Cash and cash equivalents	8.2	467.68	34.82	502.50
(iii) Loans	8.3	37.14	0.00	37.14
(iv) Others	8.4	36.49	(29.41)	7.08
<b>c. Other Current Assets</b>	9	122.05	(99.98)	22.07
<b>(3) AP Reorganisation Adjustment Account</b>	10	0.00	225.62	225.62
<b>Current Assets - Total</b>		<b>3146.16</b>	<b>109.42</b>	<b>3255.58</b>
<b>Total Assets</b>		<b>4712.96</b>	<b>(1.61)</b>	<b>4711.35</b>
<b>EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(i) Equity Share Capital	11	9.52	0.00	9.52
(ii) Other Equity		333.72	0.00	333.72
<b>Equity - Total</b>		<b>343.24</b>	<b>0.00</b>	<b>343.24</b>
<b>LIABILITIES</b>				
<b>(2) Non - Current Liabilities</b>				
<b>a. Financial Liabilities</b>				
(i) Borrowings	12.1	280.86	0.00	280.86
(ii) Other Financial Liabilities	12.2	485.76	0.00	485.76
<b>b. Provisions</b>	13	11.07	0.00	11.07
<b>c. Deferred tax liabilities (Net)</b>	14	1.73	0.00	1.73
<b>d. Other Non - Current Liabilities</b>	15	961.47	734.09	1695.56
<b>Non - Current Liabilities - Total</b>		<b>1740.89</b>	<b>734.09</b>	<b>2474.98</b>
<b>(3) Current Liabilities</b>				
<b>a. Financial Liabilities</b>				
(i) Borrowings	16.1	0.00	0.00	0.00
(ii) Trade Payables	16.2	1.65	0.00	1.65
(iii) Other Financial Liabilities	16.3	66.83	0.00	66.83
<b>b. Other Current Liabilities</b>	17	2114.56	(735.70)	1378.86
<b>c. Provisions</b>	18	445.79	0.00	445.79
<b>Current Liabilities - Total</b>		<b>2628.83</b>	<b>(735.70)</b>	<b>1893.13</b>
<b>Total Equity and Liabilities</b>		<b>4712.96</b>	<b>(1.61)</b>	<b>4711.35</b>

## 26.3 Reconciliation of statement of Profit &amp; Loss as previously reported under IGAAP to Ind AS for the Year 2016-17:

(Rs. in Crores)

Particulars	Note No.	Balances for the year 2016-17		
		IGAAP	Effects of transition to Ind AS	Ind AS
I. Revenue from operations	19	364.77	(1.61)	363.16
II. Other Income	20	54.65	0.00	54.65
<b>III. Total Revenue (I + II)</b>		<b>419.42</b>	<b>(1.61)</b>	<b>417.81</b>
<b>IV. Expenses</b>				
a. Cost of Sales	21	246.00	0.00	246.00
b. Employee Benefits expense	22	32.37	0.00	32.37
c. Finance Costs	23	0.00	0.00	0.00
d. Depreciation and amortization expense		3.82	0.00	3.82
e. Other expenses	24	93.32	0.00	93.32
<b>Total Expenses</b>		<b>375.51</b>	<b>0.00</b>	<b>375.51</b>
<b>V. Profit before Exceptional items and tax (III - IV)</b>		43.91	(1.61)	42.30
VI. Exceptional items		0.00	0.00	0.00
<b>VII. Profit before tax (VII - VIII)</b>		43.91	(1.61)	42.30
<b>VIII. Tax expense:</b>				
(1) Current Tax		10.35	0.00	10.35
(2) Deferred Tax - Current Year		(1.57)	0.00	(1.57)
<b>IX. Profit/ (Loss) for the period</b>		<b>35.13</b>	<b>(1.61)</b>	<b>33.52</b>
<b>X. Other Comprehensive Income</b>				
(i) Items that will not be reclassified to Profit or Loss		0.00	0.00	0.00
Employee Cost - Actuarial gain (loss)				
<b>Tax expense:</b>				
(1) Current Tax		0.00	0.00	0.00
(2) Deferred Tax - Current Year		0.00	0.00	0.00
<b>XI. Total Comprehensive Income/ (Loss) for the year</b>		<b>35.13</b>	<b>(1.61)</b>	<b>33.52</b>

26 The Government of Andhra Pradesh has 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 Previous year's figures have been regrouped / rearranged wherever necessary and have been rounded off to crores.

AS PER OUR REPORT DATED: 18.12.2019  
for ANJANEYULU & CO  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 0001805

FOR AND ON BEHALF OF THE BOARD

Sd/-  
K NARAYANA MURTHY  
PARTNER  
M. NO.: 026012

Sd/-  
MADIREDDY PRATAP, IPS  
VICE CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
R K ROJA  
CHAIRPERSON

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

DATE: 27.11.2019  
PLACE: MANGALAGIRI





# ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

(Rs. in Crores)

Particulars	Current Year (2017-18)	Previous Year (2016-17)
<b>Cash flows from operating activities :</b>		
Net profit before taxation and exceptional items	(1.89)	42.30
Add: Adjustments for :		
Depreciation and amortisation	3.64	3.82
Dividend Income	(0.51)	(0.01)
Interest Expenses	17.30	0.00
Profit / loss on sale of fixed assets	0.00	0.00
<b>Operating profit before working capital changes</b>	<b>(18.54)</b>	<b>46.11</b>
Add: Adjustments for:		
Inventories	(32.02)	(587.90)
Trade receivables	19.24	37.16
Other current and non current assets	(404.60)	(11.52)
Loans and advances	115.49	(72.11)
Payables, liabilities and provisions	122.02	428.36
<b>Net Cash Flow from operating activity before Income tax</b>	<b>(161.33)</b>	<b>(159.90)</b>
Add: Income tax paid	(4.91)	(8.81)
<b>Net Cash Flow from operating activities before exceptional items</b>	<b>(166.24)</b>	<b>(168.71)</b>
Add: Exceptional item	0.00	0.00
<b>Net Cash Flow from operating activities (I)</b>	<b>(166.24)</b>	<b>(168.71)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of fixed assets	(83.31)	(81.36)
Purchase of investments	0.00	8.40
Dividend income	0.51	0.01
Sale of fixed assets	0.00	0.00
<b>Net cash flow from investing activities (II)</b>	<b>(82.80)</b>	<b>(89.75)</b>
<b>Cash flow from financing activities:</b>		
Proceeds from issuance of share capital	0.00	5.44
Proceeds from long term borrowings	2,000.00	0.00
Interest paid on long term borrowings	(17.30)	0.00
<b>Net cash flow from financing activities (III)</b>	<b>1,982.70</b>	<b>0.00</b>
<b>Net increase in cash and cash equivalents (I + II + III)</b>	<b>1,733.66</b>	<b>(258.46)</b>
Cash and cash equivalents at the beginning of the year	244.04	502.50
Cash and cash equivalents at the end of the year	1977.70	244.04
<b>This is the Cash flow statement referred to in our report</b>		

AS PER OUR REPORT DATED: 18.12.2019

ANJANEYULU & Co.,  
CHARTERED ACCOUNTANTS  
FIRM REG. No.: 000180S

Sd/-  
K NARAYANA MURTHY  
PARTNER  
M.No.: 026012

FOR AND ON BEHALF OF THE BOARD

Sd/-  
MADIREDY PRATAP, IPS  
VICE CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
R K ROJA  
CHAIRPERSON

DATE: 27.11.2019  
PLACE: MANGALAGIRI

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



## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED,**  
**HYDERABAD.**

### **Report on the Standalone IND AS Financial statements**

We have audited the accompanying Standalone Ind AS financial statements of **ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED ("the Company")**, which comprise of the Balance Sheet as at **31<sup>st</sup> March 2018**, the Statement of Profit and Loss, the Statement of Changes in Equity, the Statement of Cash Flow for the year then ended, and summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS financial statements").

### **Management's Responsibility for Standalone IND AS financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that gives a true and fair view of the state of affairs, profit (including other comprehensive income), Changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements . The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements , whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that given a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements .

*The Audited Accounts of previous financial year i.e. FY 2016-17 are yet to be adopted by the shareholders in the AGM as on the date.*

Pending adoption of previous financial year accounts , the company has finalized the accounts for the FY 2017-18 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 .

***Basis for Qualified Opinion:***

***1) 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)*

***2) Other Equity: Capital Reserve current year Rs. 7.58Crores (Previous Year Rs. 7.58Crores) :***

*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, 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)*

***3) Deposits received from allottees: Current year Rs. 1177.91 crores(Previous Year Rs.1186.46 crores)***

*This includes party wise un-reconciled amounts with head office/Zonal offices which are yet to be quantified and reconciled(Refer note no.: 17)*

***4) Provision for contractual obligations: Current year Rs.644.25Crores (Previous Year Rs.536.77 Crores) :***

*Adequacy of provision: As per the information and explanations given to us, the Corporation after reviewing various pending contractual obligations at the yearend estimated the provision against contractual obligations as Rs.644.25crores (Previous year Rs.536.77 crores) and accordingly provided. We are not clear, whether the provision is pertaining to earlier year sales or current year sales. Hence in our opinion, we are not able to comment upon the adequacy of the provision made by the organization. (Refer note no.: 18.3)*

***Disclosure:***

*Since the contractual works are extending beyond one year, we are of the opinion that this Provision should be disclosed under Long term provisions.*



5) **Non conformity of Indian Accounting Standard 18 Revenue Recognition–Sale of Land, Sheds etc. Rs. 413.99 Crores(P.Y. 313.26 Crores): (Refer Accounting Policy No. 2.10)**

*When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period*

*As per para 4.2.1 of the Ind AS 18, The recognition of revenue by reference to the stage of completion of a transaction is often referred to as the percentage of completion method. Under this method, revenue is recognised in the accounting periods in which the services are rendered. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period. Ind AS 11 also requires the recognition of revenue on this basis. The requirements of that Standard are generally applicable to the recognition of revenue and the associated expenses for a transaction involving the rendering of services. .*

*However the agreement of sale is entered with allottees on receipt of full consideration, though the substantial contractual obligations amounting to Rs 644.25 Crores are yet to be fulfilled. In our opinion Para 4.2.1 of Ind AS -18 Revenue Recognition is not applied.*

**Guidance Note on Real Estate Transactions issued by the ICAI:**

*Further Para 5.3 of the guidance note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, has laid down the methodology of application of percentage completion method in this type of transactions. Under this revenue is to be recognized on fulfillment of all the following conditions:*

- a) Obtaining all critical approvals necessary for Commencement of Project.*
- b) When the stage of completion of the project reaches a reasonable level of development i.e incurring construction and development co of 25% or more of the total estimated cost.*
- c) At least 25% of of the saleable area is secured by contracts or Sale agreements with buyers.*
- d) At least 10% of the total revenue as per agreement of sale or any other legally enforceable documents is realized at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in contracts.*

*As per the information and explanation given to us, In respect of certain projects corporation has failed to comply conditions “b” and “c” though the corporation has complied the conditions of “a” and “d”.*

*In the light of the above, the corporation is not adhering to para 4.2.1 of Ind AS -18 Revenue recognition while adapting the income recognition policy (vide para No 4 of Note No.1 of standalone Ind AS financial statements ). Hence 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.*

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

*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 accounts and by not clubbing/consolidating these transactions:*

*The Assets and Liabilities of the Corporation have been understated.  
The profit or loss of the corporation has been understated.  
Cash Flows are understated.*

*We are not in a position to quantify the impact on Assets and Liabilities and Profit/Loss due to failure on the part of the management to provide the necessary information. Further, we are of the opinion that not clubbing the income of IALAs will tant amount to non compliance of IndAS -18: Revenue. (Refer to Note No.: 26)*

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements together with notes thereon, give the information required by the Act in the manner so required subject to the comments mentioned above and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at March 31, 2018 and its profit (including other comprehensive income ) , Changes in equity and its cash flows for the year ended on that date.

## **Emphasis of Matter**

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

**1) Drawl of Standalone Ind AS Financial Statements excluding Telangana region:**

Based on the approval of demerger scheme by the expert committee on 16.05.2015 the Standalone Ind AS financial statements are drawn exclusive of Telangana region, though the approval by the Central Government authorities or its nominees for the Scheme Of Apportionment/Demerger/Arrangement of Andhra Pradesh Industrial Infrastructure Corporation Limited And Telangana State Industrial Infrastructure Corporation Limited, is pending. (Refer to Note No.25)

**2) Non Confirmation:**

Attention is drawn to the **Note No.: 8.1** wherein the corporation has not obtained confirmations for the balances of Trade Recivables, Loans and Advances and these balances are yet to be reconciled with respective parties. Similarly Trade payables, Loans and advances shown under **Note No.: 16.2** are yet to be confirmed and reconciled.

**3) GST Liability :**

Attention is drawn to **note no.24.2** which states the information submitted in VAT/GST returns for the year are yet to be co-related with the books of Accounts .

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

## **Report on Other Legal and Regulatory Requirements**

1) As required by the Companies (Auditors Report) Order, 2016 (“the order”) issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the “Annexure A” a statement on the matters specified in paragraph 3 and 4 of the said order.

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

- i. We have sought and except for the matters described in the basis for qualified opinion paragraph, obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;



- ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
- iii. The Balance Sheet, the Statement of Profit and Loss , Cash flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- iv. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- v. The matters specified in the basis for qualified opinion paragraph above in our opinion may have an adverse effect on the functioning of the company.
- vi. Being a Government Company, Section 164(2) of the Companies Act, 2013, regarding 'Whether any director is disqualified from being appointed as a director' is not applicable to the corporation in view of notification number G.S.R.463(E) dated 05.06.2015.
- vii. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**".
- viii. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements as referred to in Note: 18.6 to the standalone Ind AS financial statements .
  - b. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - c. There were no amounts which were, required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Hyderabad  
Date : 18-12-2019

For ANJANEYULU & CO.,  
Chartered Accountants  
FRN: 000180S  
Sd/-  
(K.Narayana Murthy)  
Partner  
M No.026012

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

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ of our Audit Report of even date to the members of **M/s. ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED (“the Company”)** on the STANDALONE Ind AS financial statements of the Company for the year ended on 31<sup>st</sup> March 2018.

- 1)
  - a) The Corporation is maintaining proper records showing full particulars including quantitative details situation of fixed assets, on the basis of the information made available to us.
  - b) As explained to us, these Fixed Assets 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 are held in the name of the Company *except for the portion of the building at Parishram Bhawan as mentioned vide note no.3.1.4 to the notes to accounts.*
- 2) As per the information and explanation given to us, the inventories have been physically verified during the year by the Management at reasonable intervals and as explained to us no material discrepancies were noticed on physical verification.
- 3) The Company has granted advances/loans, secured and unsecured, to subsidiaries covered in the register to be maintained under section 189 of the Companies Act. The outstanding balances are as under.

<b>Name of the party</b>	<b>Relationship</b>	<b>Type</b>	<b>Amount outstanding as on 31.03.2018</b>
AP Gas Infrastructure Corporation Pvt Ltd	Subsidiary	Unsecured Advances	12123894
Krishnapatnam International Leather Complex Pvt Ltd	Subsidiary	Expenses	2214390
		Unsecured loan	213500000
		Acc.Interest on unsecured loan	4737945
Vishakapatnam Industrial Water Supply Company	Joint Venture	Secured loan	46000000
Vishakapatnam Industrial Water Supply Company	Joint Venture	Acc.Interest on secured loan	1575138124
Vishakapatnam Industrial Water Supply Company	Joint Venture	Unsecured loan	Closed
Vishakapatnam Industrial Water Supply Company	Joint Venture	Acc.Interest on unsecured loan	150214200
Atchutapuram Effluent Treatment Ltd	Joint Venture	Unsecured Advances	138068091
Atchutapuram Effluent Treatment Ltd	Joint Venture	Acc.Interest	3976710



- a) As per the information and explanation given to us by the management, the interest free advances other than VIWSCO are not prejudicial to the interest of the corporation since they are subsidiary companies.
- b) As per the information and explanation given to us by the management, all the above advances except advances given to VIWSCO are without any repayment schedules. The loan of VIWSCO is rescheduled as per the G.O. Ms.No.24 dated 25.02.2015.
- c) As per the information and explanation given to us, the total amount overdue for more than 90 days is Rs. 1.43 crores.
- 4) In our opinion and according to the information and explanation given to us, the Company has not granted any loans nor made any investments and provided guarantee and securities, as per the provisions of Section 185 and Section 186 of the Companies Act, 2013. The corporation has not invested in not more than two layers of investment under section 186(1) of Companies Act, 2013. In our opinion; other sub-sections of section 186 of the Companies Act, 2013 prescribing the limits are not applicable to the corporation since it is Infrastructure Corporation.
- 5) According to the information and explanation given to us the Company 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 2013 and the rules framed there under. Hence Clause 3(v) of the Order is not applicable.
- 6) Maintenance of cost records has been made mandatory by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 read with companies (Cost Records and Audit) Rules, 2014 for the corporation. Cost records for the Financial Year 2017-18 are under preparation.
- 7) (a) According to the information and explanations given to us, and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including 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, 2018 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 Company examined by us, there are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess 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	368.39	2016-17	DCIT Circle -1(1), Hyderabad
Finance Act, 1994	Service Tax	0.23	2012-13	Asst. Commissioner (Appeals)/CESTAT
Finance Act, 1994	Service Tax	4.92	2008-09 to 2012-13	Customs, Excise and Service tax Appellate Tribunal
Finance Act, 1994	Service Tax	19.71	2008-09 to 2012-13	Commissioner of Customs, Excise and Service tax
Finance Act, 1994	Service Tax	3.06	2010-11 to 2012-13	Commissioner of Customs Excise and Service tax



Finance Act,1994	Service Tax	95.78	2013-14 to 2016-17	Commissioner of Customs, Excise and Service tax
Finance Act,1994	Service Tax	102.24	2014-15	Commissioner of Customs, Excise and Service tax
Finance Act,1994	Service Tax	56.65	2007-08 to 2011-12	Commissioner of Customs, Excise and Service tax
Finance Act,1994	Service Tax	30.92	2009-10 to 2013-14	Commissioner of Customs, Excise and Service tax

8) According to the information and explanations given to us, the company has not defaulted in repayment of dues to its bankers. The company does not have any loans or borrowings from financial institutions and Government, nor has it issued any debentures during the year.

9) 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 the year to meet land acquisition and Infrastructure development expenditure for four specified projects. However the Corporation during the year has spent an amount of Rs 176.33crores on these projects and Rs 264.86 crores on development of KIA Motors Project at Penugonda, Ananthapur District out of the aforesaid loans. In addition the corporation deposited an amount of Rs 1480 crores in Public Deposit (PD)a/c of Corporation vide GOAP letter dated 02-01-2018 *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.*

The Corporation did not raise any money by way of initial public offer during the year.

10)According to the information and explanations given to us, no fraud by the Corporation or on the Corporation by its officers or employees has been noticed or reported during the course of our audit.

11)In our opinion and according to the information and explanations given to us, the Corporation has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12)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.

13)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 in the standalone Ind AS financial statements as required by the applicable accounting standards.

14)According to the information and explanations given to us and based on the examination of the records of the Corporation, the Corporation has not made any preferential allotment or private placements of shares or fully or partly convertible debentures during the year. Hence, Paragraph 3(xiv) of the Order is not applicable.

15)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.

16) In our opinion and according to the information and explanations provided to us, the Corporation is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For ANJANEYULU & CO.,  
Chartered Accountants  
FRN: 000180S

Sd/-  
(K.NARAYANAMURTHY)  
Partner  
M No.026012

Place: Hyderabad  
Date : 18-12-2019

## **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 1 (vi) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

We have audited the internal financial controls over financial reporting of **ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED (“the Company”)** as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company;
- and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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 misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For ANJANEYULU & CO.,  
Chartered Accountants  
FRN: 000180S

Sd/-  
(K.NARAYANAMURTHY)  
Partner  
M No.026012

Place: Hyderabad  
Date : 18-12-2019



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

As per the information available in the statutory audit reports of the subsidiaries including associates and joint ventures, we have not observed any Report on directions as per section 143(5) of The Companies Act, 2013. However, we are submitting the report submitted in respect of the **holding company** i.e., Andhra Pradesh Industrial Infrastructure Corporation Ltd.

S.No	Directions	Action Taken	Impact on Standalone Ind AS financial statements
1.	Whether the company has clear title/ lease deeds for freehold and lease hold land respectively? If not please state the area of free hold and leasehold land for which title/ lease deeds are not available.	As per the information and explanation given to us, the corporation is not having any lease hold land and having a clear title for freehold lands.	NIL
2.	Whether there are any cases of waiver/ write off of debts/ loans interests etc., If yes the reason, there for and the amount involved.	As per the information and explanation given to us, there is no write off of debts, loans, or interest in the standalone Ind AS financial statements for the year 2017-18.	NIL
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant from Government or other authorities.	As per the information and explanation given to us, there are no inventories lying with the third parties and there are no assets received as gift/ grant from Government or other authorities.	NIL

For ANJANEYULU & CO.,  
Chartered Accountants  
FRN: 000180S

Sd/-  
(K.NARAYANAMURTHY)  
Partner  
M No.026012

Place: Hyderabad  
Date : 18-12-2019

**ANNEXURE – “D” TO THE INDEPENDENT AUDITOR’S REPORT**

**Report on Sub-Directions under section 143(5) of The Companies Act, 2013**

S.No	Directions	Action Taken	Impact on Standalone Ind AS financial statements
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 may be provided.	As per the information and explanation given to us, the company has no idle land owned by it and not reported any encroachments. The company has not declared any land as surplus land which is not put to use.	NIL
2.	Whether system for monitoring the execution of works vis-à-vis the milestone stipulates in the agreement is in existence and the impact of cost escalation. If any revenues/ losses from the contracts etc., have been properly accounted for in the books.	Yes, as per the information and explanation given to us, the corporation is executing the works with deposits on cost plus basis. Hence the question of loss does not arise.	NIL
3.	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized? List the cases of deviation.	As per the information and explanation given to us, there is no deviation of utilization of funds for the purpose for which it is sanctioned.	NIL
4.	Whether the bank guarantees have been revalidated in time?	As per the information and explanation given to us, the company had revalidated the bank guarantees in time.	NIL

For ANJANEYULU & CO.,  
Chartered Accountants  
FRN: 000180S

Sd/-  
(K.Narayana Murthy)  
Partner  
M No.026012

Place: Hyderabad  
Date : 18-12-2019



**प्रधान महालेखाकार (लेखापरीक्षा) कार्यालय**

**आन्ध्र प्रदेश, हैदराबाद - 500 004.**

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)  
ANDHRA PRADESH, HYDERABAD - 500 004.**

Lr.No.PAG(Audit)/AP/ES(PSU) ID2/ AA / APIIC/2020 -21/02

Date : 04-06-2020

**To**

**The Managing Director,**

**Andhra Pradesh Industrial Infrastructure Corporation Limited**

**D.No.59A-20-3/2A, 1st, 2nd & 3rd Floors, Sri Siva Complex,**

**Funtimes Club Road, Teachers Colony,**

**Vijayawada - 520008, Andhra Pradesh.**

**Sir,**

**sub : Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year 2017-18.**

1. I am to forward herewith comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of your Company for the year 2017- 18 for necessary action.
2. The date of placing of Comments along with Financial Statements and Auditors, Report before the shareholders of the company may please be intimated and a copy of the proceedings of the meetings furnished.
3. The date of forwarding the annual report and financial statements of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government of AP for the year 2017-18 for being placed before the Legislature may also be intimated. The date on which Annual Report is tabled in the Legislatures may also be intimated.
4. Five copies of the annual report for the year 2017- 18 are to be furnished to this office without fail.

Yours faithfully,

Sd/-

Encl : As above

**Sr, Deputy Accountant General/ES**



## **Annexure - I**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018.

The preparation of financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31st March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of 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 18.12.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31st March 2018 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.

### **BALANCE SHEET**

#### **EQUITY and LIABILITIES**

##### **(2) Non-Current Liabilities**

##### **(d) Other Non-Current Liabilities (Note No.-I5) - Rs. 1171.94 crore**

1. Government of Andhra Pradesh amended the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural purposes) Act, 2006 by enacting Act No.13 of 2018. As per Sub-section (g) of Section 7 of amended Act, the lands allotted to the Company are exempted from the provisions of the Act, 2006. In this regard, GoAP issued orders (G.O.No.37 dated 25.01.2018) stating that the Act shall come into force from 01-02-2019. Further, GoAP also issued orders (G.O Ms.No.98 dated 19-02-2018) stating that in case of lands allotted to APIIC, the lands stand converted to Non-Agricultural purpose. Though exemption under Act No.13 is applicable for lands allotted from 01\_02\_2018, the Company has not provided the liability for conversion charges for land allotted up to 01-02-2018. The Company has instead disclosed contingent liability to the extent of Rs.552.41 crore towards conversion charges pertaining to the period up to 2014-15. Further, there is a liability of Rs. 27.42 crore for the years 2015-16 and 2016-17. The amount of conversion charges for the year 2017-18 though called for, were not furnished to Audit.



Thus, non-provision for the liability towards conversion charges for the lands allotted prior to exemption has resulted in understatement of 'Other Non - Current Liabilities' and overstatement of 'Contingent Liabilities' by at least Rs. 552.41 crore.

**Note No. 15.3 - Land Conversion charges**

2. A reference is invited to Note No. 15.3 wherein it was disclosed that "....Pending receipt of decision of the Government, an amount of Rs 266.41 crores was provided towards conversion charges to the end of the Financial Year (P.Y. Rs. 266.41 crores) for the estates developed by the Company...". However, it was observed in audit that provision of Rs. 266.41 crore pertains to the period up to the end of FY 2014-15. The amount of conversion charges pertaining to the years 2015-16, 2016-17 and 2017-18 (current year) were not provided for. Hence, the disclosure made in the aforesaid note is incomplete.

**AP Reorganization Adjustment Account - Rs. 225.60 crore**

3. The business of the Company was reorganized and segregated into Andhra Region and Telangana Region as per the provisions of the AP Reorganization Act, 2014 w.e.f . 02.06.2014 consequent to the bifurcation of the elsewhile state of Andhra Pradesh. A new Company namely M/s TSIIC Limited was incorporated on 04.09.2014 under the Companies Act 2013 and took over the Telangana division of M/s APIIC Limited from 02.06.2014.

As per the demerger scheme, an amount of Rs. 225.60 crore was receivable from M/s TSIIC Limited as part of the bifurcation of the state. The same was indicated as 'AP Reorganization Adjustment Account'. This was not confirmed by M/s TSIIC Limited. Also, owing to some other disputes,

M/s TSIIC Limited is showing an amount of ( Rs.638.11 crore (as on 31.03.2016) as receivable from the company. Hence, the amount indicated in AP Reorganization Adjustment Account Rs. 225.62 crore could not be confirmed in Audit. The fact that the amount was not confirmed by TSIIC Ltd. was not disclosed in notes to accounts.

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

Sd/-

(L.V. SUDHIR KUMAR)

प्रधान महालेखाकार (ले. प)

Principal Accountant General (AUDIT)

Place: Hyderabad

Date: -06-2020



**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018**

(Rs. in Crores)

	Particulars	Note No.	Figures as at 31.03.2018	Figures as at 31.03.2017	Figures as at 31.03.2016
	<b>ASSETS</b>				
(1)	<b>Non - Current Assets</b>				
a	Property, Plant and Equipment	3	223.80	330.58	327.61
b	Capital Work in Progress	4.1	197.46	168.67	44.56
c	Investment Property	4.2	31.93	32.10	32.26
d	<b>Financial Assets</b>				
	(i) Investments	5.1	43.65	38.93	54.41
	(ii) Loans	5.2	179.31	339.28	354.09
	(iii) Others	5.3	37.77	21.83	24.27
e	<b>Other Non - Current Assets</b>				
	(i) Non-Current Tax Assets (Net)	6.1	4.91	10.38	3.50
	(ii) Other Non - Current Assets	6.2	669.10	775.40	678.70
	<b>Non - Current Assets - Total</b>		<b>1,387.93</b>	<b>1,717.17</b>	<b>1,519.40</b>
(2)	<b>Current Assets</b>				
a	<b>Inventories</b>	7	3,363.78	2,941.73	2,353.90
b	<b>Financial Assets</b>				
	(i) Trade Receivables	8.1	50.87	70.11	107.27
	(ii) Cash and Cash Equivalents	8.2	2,001.80	247.43	506.90
	(iii) Loans	8.3	58.27	36.94	39.59
	(iv) Others	8.4	34.40	6.46	7.08
c	<b>Other Current Assets</b>	9	16.28	23.65	22.12
(3)	<b>AP Reorganisation Adjustment Account</b>	10	225.62	225.62	225.62
	<b>Current Assets - Total</b>		<b>5,751.02</b>	<b>3,551.94</b>	<b>3,262.48</b>
	<b>Total Assets</b>		<b>7,138.95</b>	<b>5,269.11</b>	<b>4,781.88</b>
	<b>EQUITY AND LIABILITIES</b>				
(1)	<b>Equity</b>				
	(i) Equity Share Capital	11	9.52	9.52	9.52
	(ii) Other Equity		275.32	334.22	331.44
	(iii) Non controlling Interest	11.3	1.98	14.24	1.09
	(iv) Share application money pending allotment		0.20	0.00	0.00
	<b>Equity - Total</b>		<b>287.02</b>	<b>357.98</b>	<b>342.05</b>
(2)	<b>LIABILITIES</b>				
	<b>Non - Current Liabilities</b>				
a	<b>Financial Liabilities</b>				
	(i) Borrowings	12.1	2,144.51	261.81	280.86
	(ii) Other Financial Liabilities	12.2	754.43	769.81	485.75
b	<b>Provisions</b>	13	10.54	11.28	11.07
c	<b>Deferred tax liabilities (Net)</b>	14	0.36	0.15	1.73
d	<b>Other Non - Current Liabilities</b>	15	1,771.94	1,704.81	1,695.56
	<b>Non - Current Liabilities - Total</b>		<b>4,681.78</b>	<b>2,747.86</b>	<b>2,474.97</b>
(3)	<b>Current Liabilities</b>				
a	<b>Financial Liabilities</b>				
	(i) Borrowings	16.1	0.34	0.00	0.00
	(ii) Trade Payables	16.2	0.22	2.49	1.65
	(iii) Other Financial Liabilities	16.3	298.00	194.96	137.88
b	<b>Other Current Liabilities</b>	17	1,220.26	1,403.90	1,378.86
c	<b>Provisions</b>	18	651.33	561.92	446.47
	<b>Current Liabilities - Total</b>		<b>2,170.15</b>	<b>2,163.27</b>	<b>1,964.86</b>
(4)	<b>Accounting Policies</b>	2			
	<b>Total Equity and Liabilities</b>		<b>7,138.95</b>	<b>5,269.11</b>	<b>4,781.88</b>

AS PER OUR REPORT DATED: 18.12.2019

ANJANEYULU & Co.,  
 CHARTERED ACCOUNTANTS  
 FIRM REG. No.: 000180S  
 Sd/-  
 K NARAYANA MURTHY  
 PARTNER  
 M.No.: 026012

FOR AND ON BEHALF OF THE BOARD

Sd/-  
 MADIREDDY PRATAP, IPS  
 VICE CHAIRMAN &  
 MANAGING DIRECTOR

Sd/-  
 R K ROJA  
 CHAIRPERSON

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

DATE: 27.11.2019  
 PLACE: MANGALAGIRI



# ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.201

(Rs. in Crores)

Particulars	Note No.	Current Year (2017-18)	Previous Year (2016-17)
<b>I</b> Revenue from operations	19	476.00	363.20
<b>II</b> Other Income	20	30.85	32.29
<b>III Total Revenue (I + II)</b>		<b>506.85</b>	<b>395.49</b>
<b>IV Expenses</b>			
a Cost of Sales	21	344.96	246.00
b Exploratory Cost Written off		60.03	0.00
c Employee Benefits expense	22	34.57	32.38
d Finance Costs	23	17.30	0.00
e Depreciation and amortization expense		3.65	3.85
f Other expenses	24	129.10	94.32
<b>Total Expenses</b>		<b>589.61</b>	<b>376.55</b>
<b>V Profit/(Loss) before Exceptional items and tax (III - IV)</b>		(82.76)	18.94
<b>VI</b> Exceptional items		0.00	(2.96)
<b>VII Profit/(Loss) before tax (V - VI)</b>		(82.76)	21.90
<b>VIII Tax expense:</b>			
(1) Current Tax - Current Year		0.64	8.42
- Previous Years		(0.34)	1.85
(2) Deferred Tax - Current Year		0.22	(1.57)
<b>IX Profit/ (Loss) for the period (VII - VIII)</b>		<b>(83.28)</b>	<b>13.20</b>
<b>X 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) Deferred Tax - Current Year		0.00	0.00
<b>XI Total Comprehensive Income/ (Loss) for the year</b>		<b>(83.28)</b>	<b>13.20</b>
<b>XII Earning per equity share (in Rupees):</b>			
- Basic & Diluted		-	1,386.00
(Face value of ₹ 1000/- per Share)			

See Accompanying notes to the financial statements

AS PER OUR REPORT DATED: 18.12.2019

ANJANEYULU & Co.,  
CHARTERED ACCOUNTANTS  
FIRM REG. No.: 000180S

FOR AND ON BEHALF OF THE BOARD

Sd/-  
K NARAYANA MURTHY  
PARTNER  
M.No.: 026012

Sd/-  
MADIREDDY PRATAP, IPS  
VICE CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
R K ROJA  
CHAIRPERSON

DATE: 27.11.2019  
PLACE: MANGALAGIRI

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



**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**

**STATEMENT OF CHANGES IN CONSOLIDATED EQUITY  
FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**

(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			
<b>Balance as at the beginning of the year 2016-17</b>	<b>9.52</b>	<b>17.58</b>	<b>0.00</b>	<b>290.30</b>	<b>0.00</b>	<b>23.56</b>	<b>331.44</b>
Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	13.20	0.00	(9.47)	3.73
Any other changes	0.00	0.00	0.00	(0.95)	0.00	0.00	(0.95)
<b>Balance at the end of the reporting year 2016-17</b>	<b>9.52</b>	<b>17.58</b>	<b>0.00</b>	<b>302.55</b>	<b>0.00</b>	<b>14.09</b>	<b>334.22</b>
Balance as at the beginning of the year 2017-18	9.52	17.58	0.00	302.55	0.00	14.09	334.22
Changes in accounting policy or prior period errors	0.00	0.00	0.00	(1.61)	0.00	0.00	(1.61)
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	(83.28)	0.00	12.26	(71.02)
Any other changes	0.00	0.00	0.00	13.73	0.00	0.00	13.73
<b>Balance at the end of the reporting year 2017-18</b>	<b>9.52</b>	<b>17.58</b>	<b>0.00</b>	<b>231.39</b>	<b>0.00</b>	<b>26.35</b>	<b>275.32</b>

AS PER OUR REPORT DATED: 18.12.2019

FOR AND ON BEHALF OF THE BOARD

for ANJANEYULU & CO  
CHARTERED ACCOUNTANTS  
FIRM REG. NO.: 000180S

**Sd/-**  
K NARAYANA MURTHY  
PARTNER  
M. NO.: 026012

**Sd/-**  
MADIREDDY PRATAP, IPS  
VICE CHAIRMAN &  
MANAGING DIRECTOR

**Sd/-**  
R K ROJA  
CHAIRPERSON

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

DATE: 27.11.2019  
PLACE: MANGALAGIRI

**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**Notes forming part of Consolidated Balance Sheet & Consolidated 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:**

**Basis of Accounting**

**2.1 Statement of Compliance**

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). The Company is governed by the provisions of the Companies Act, 2013.

The Ind AS are 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 has adopted Ind AS and the adoption was carried out in accordance with Ind AS 101, 'First time adoption of Indian Accounting Standards'. The transition was carried out from the Generally Accepted Accounting Principles in India (IGAAP) as prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Accounts) Rules, 2014 which was previous GAAP.

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 "/-".

**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

### **2.3 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. All lands and other assets relating to Special Economic Zones which are fixed assets in nature are treated as Fixed Assets and accounted on historical cost and the accumulated depreciation are shown separately. 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.

### **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.

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.

**2.1 Income Recognition**

Income from sale of land, sheds and buildings is recognised on execution of sale agreement and handing over physical possession of the premises.

Lease income is recognised in the statement of Profit and Loss on straight line basis over the lease term unless there is another systematic basis which is more representative of the time pattern of the lease. Revenue from lease rental is disclosed net of indirect taxes if any.

Lease premium in respect of Special Economic Zones is being amortised over the lease term and revenue recognised accordingly considering the lease as operating lease.

Processing fee, penal interest income on delayed payments towards land cost and dividend income are recognised on receipt basis.

Allotments cancelled on account of non fulfilment of terms and conditions as per the sale agreement are considered as sales returns.

**2.11 Expenditure**

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

**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 affect 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 except 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 2017-18**

**BALANCE SHEET:**

**NON-CURRENT ASSETS**

<b>3.1 TANGIBLE ASSETS - NET BLOCK</b>	<b>(Rs.in Crores)</b>	<b>(Rs.in Crores)</b>	<b>(Rs. in Crores)</b>
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2016
LAND including Land Development	0.06	0.06	0.60
BUILDINGS	2.14	2.18	2.17
REFRIGERATORS, ACs AND AIR COOLERS	0.03	0.02	0.02
FURNITURE AND FIXTURES	0.35	0.40	0.23
OFFICE EQUIPMENT	0.15	0.17	0.18
VEHICLES	0.63	0.80	0.96
ELECTRICAL EQUIPMENT	0.13	0.15	0.16
DRAWING EQUIPMENT	0.00	0.00	0.00
COMPUTER	1.07	1.77	0.65
QUALITY CONTROL EQUIPMENT	0.00	0.00	0.00
LAND - SEZ	149.45	252.95	252.95
LAND DEVELOPMENT - SEZ	45.92	45.92	40.92
BUILDING - SEZ	0.05	0.05	0.05
WATER SUPPLY - SEZ	5.12	5.83	6.53
SEWERAGE - SEZ	7.90	8.23	8.56
EXTERNAL ELECTRIFICATION - SEZ	1.24	1.81	2.38
ROADS AND BRIDGES - SEZ	0.00	0.21	0.75
SOLAR POWER PLANT	9.56	10.03	10.50
<b>CURRENT YEAR</b>	<b>223.80</b>	<b>330.58</b>	<b>327.61</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 TSIC Limited during the F.Y 2014-15. The same was shown under the head Buildings in Fixed Assets pending completion of registration formalities by the respective parties.

**3.1.5 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.3.64 crores (Previous Year: Rs.3.81 crores) was charged to Profit and Loss statement.

**3.1.6 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 income on lease premium is being recognised proportionately depending upon the lease period and lease rentals are accounted for as revenue.

The assets related to Special Economic Zones are exhibited under Plant, Property and Equipment as the same are held in the ordinary course of business for allotment to Industrial Entrepreneurs on lease basis for development of SEZs. Further, they are treated as fixed assets as the main objective is not for earning any lease rentals or for commercial appreciation.

**3.1.7** There is no impairment of Fixed Assets during the year

<b>4.1 CAPITAL WORK IN PROGRESS</b>	<b>(Rs.in Crores)</b>	<b>(Rs.in Crores)</b>	<b>(Rs. in Crores)</b>
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2016
Construction of Incubation Centres etc.			
As per last Balance Sheet	80.08	5.03	37.86
Add: Additions during the period	23.58	81.80	7.61
Less: Adjustment against Grant	0.00	6.75	40.44
<b>Sub-Total</b>	<b>103.66</b>	<b>80.08</b>	<b>5.03</b>
Exploratory Work-in-progress	93.80	88.59	39.53
<b>TOTAL</b>	<b>197.46</b>	<b>168.67</b>	<b>44.56</b>

<b>4.2</b>	<b>INVESTMENT PROPERTY - NET BLOCK</b>	As at 31-3-2018	As at 31-3-2017	As at 31-3-2016
	LAND	22.23	22.23	22.23
	BUILDINGS	9.70	9.87	10.03
	<b>CURRENT YEAR</b>	<b>31.93</b>	<b>32.10</b>	<b>32.26</b>

Land and Buildings held by the company for allotment on lease basis other than SEZs and in which insignificant portion is held for administrative purpose are treated as investment property.

<b>5</b>	<b>FINANCIAL ASSETS (NON - CURRENT ASSETS)</b>	<b>% of</b>	<b>(Rs.in Crores)</b>	<b>(Rs.in Crores)</b>	<b>(Rs. in Crores)</b>
<b>5.1</b>	<b>INVESTMENTS</b>	<b>Holding</b>	As at 31-3-2018	As at 31-3-2017	As at 31-3-2016
<b>A</b>	<b>INVESTMENTS IN EQUITY INSTRUMENTS</b>				
	<b>INVESTMENTS IN JOINT VENTURES</b>				
<b>I</b>	2,20,27,071 equity shares of Rs.10/- each fully paid-up in Visakhapatnam Industrial Water Supply Company Ltd	49	0.00	8.87	30.58
<b>II</b>	72,20,966 equity shares of Rs.10/- each fully paid-up in Atchutapuram Effluent Treatment Limited (Previous Year 7,69,000 equity shares of Rs.10/- each)	49	7022	0.77	0.00
	<b>INVESTMENTS IN ASSOCIATE COMPANIES</b>				
<b>III</b>	52,00,000 equity shares of Rs.10/- each fully paid up in Ace Urban Hitech City Limited (formerly L & T Hitech City Limited)	26	0.00	0.00	0.65
	<b>INVESTMENTS IN RELATED PARTY COMPANIES</b>				
<b>IV</b>	15,00,000 equity shares of Rs.10/- eac full	11.05	1.50	1.50	1.50
<b>V</b>	17,32,104 equity shares of Rs.10/- each fully paid-up in Ace Urban Infocity Limited (formerly L&T Infocity Ltd) (includes 5,77,368 Bonus shares issued on May 12, 2003)	1	1.15	1.15	1.15
<b>VI</b>	19,80,000 equity shares of Rs.10/- each fully paid-up in Ramky Pharma City (India) Ltd	11	1.98	1.98	1.98
<b>VII</b>	12,145 equity shares of Rs.10/- each fully paid-up in Hyderabad Information Technology Venture Enterprises Ltd	8	0.01	0.01	0.01
<b>VIII</b>	2,429 equity shares of Rs.10/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (Rs. 24,290/-)	8	0.00	0.00	0.00
<b>IX</b>	2,04,36,000 equity shares of Rs.10/- each fully paid-up in APGDC		20.44	20.44	15.00
<b>X</b>	44,000 equity shares of Rs.10/- each fully paid-up in Vizag IT Park Ltd	0.49	0.04	0.04	0.04
<b>B</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	1.12
			<b>33.46</b>	<b>35.88</b>	<b>52.03</b>

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>Add: Deposit towards share application money</b>			
Atchutapuram Effluent Treatment Limited	0.00	5.86	0.00
A.P Aerospace & Defence Electronics Park P Ltd	13.00	0.00	0.00
Bhagyanagar Gas Ltd	2.39	2.39	2.39
	<b>48.85</b>	<b>44.13</b>	<b>54.42</b>
<b>Less: provision for impairment of investments</b>			
Ace Urban Hitech City Limited (formerly L & T Hitech City Limited)	5.20	5.20	0.00
CTCPL - HIVE Fund	0.00	0.00	0.01
<b>TOTAL</b>	<b>43.65</b>	<b>38.93</b>	<b>54.41</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.

During 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% equity contribution of 2,71,66,000 equity shares @ Rs. 10/- each) towards investment in APGIC as the subsidiary company has been incurring losses continuously for the last three years. Further, an amount of Rs.2.72 crores was provided towards impairment of investments during the year as APGIC 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 during 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.1.75 crores is added to the original cost of investment.

#### 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. The Company invested an amount of Rs.6.53 crores in cash in the JV Company upto the end of the year.

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

The company has invested an amount of Rs.7.22 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 72,20,966 Equity shares of Rs.10/- each were allotted as at the end of the year.

#### 5.1.5 Investments in A.P Aerospace & Defence Electronics Park Pvt. 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 is to be received in the form of Equity Shares towards 26% share 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. The shares are yet to be allotted as at the end of the year.

#### 5.1.6 Provision for Impairment of investments

An amount of Rs. 5.20 crores was provided towards impairment in the value of investments during the previous year in respect of investments made in Ace Urban Hitech City Limited (formerly L & T Hitech City Limited) upto the end of the year.

#### 5.1.7 Investments transferred to TSIIIC Limited :

The Investments held by the company in the following Subsidiary Companies/ Joint Ventures/ Associate Companies were transferred to TSIIIC 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, the share/ debenture certificates in respect of the investments apportioned to TSIIIC Limited are in the name of APIIC Limited and continues to be in the name of APIIC Limited till approval of the Demerger Scheme.

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 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

**(Rs.in Crores)**      **(Rs.in Crores)**      **(Rs. in Crores)**  
 As at 31-3-2018      As at 31-3-2017      As at 31-3-2016

## 5.2 LOANS

### Secured and Considered Good:

Loans & Advances to related Parties	124.91	261.81	280.86
Advances to Staff	1.30	1.22	1.38
<b>sub-total</b>	<b>126.21</b>	<b>263.03</b>	<b>282.24</b>

### Unsecured and Considered Good:

Loans & Advances to related Parties	49.56	33.32	29.60
Advances to Staff	0.07	0.11	0.18
Other Loans & Advances	3.47	42.82	42.07
<b>sub-total</b>	<b>53.10</b>	<b>76.25</b>	<b>71.85</b>

### TOTAL

**179.31      339.28      354.09**

## 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 31.03.2018	AMOUNTS WRITTEN OFF/ WRITTEN BACK
1. AP Gas Infrastructure Corporation Pvt Limited	Subsidiary	1.19	1.21	0.00
2. Krishnapatnam International Leather Complex P Ltd	Subsidiary	21.35	22.05	0.00
3. Visakhapatnam Industrial Water Supply Company (Secured Loan)	Joint Venture	0.00	46.00	0.00
4. Visakhapatnam Industrial Water Supply Company (Acc. Interest on Secured Loan)	Joint Venture	13.24	159.05	0.00
5. Visakhapatnam Industrial Water Supply Company (Acc. Interest on Unsecured Loan)	Joint Venture	3.15	15.02	0.00
6. Aitchutapuram Effluent Treatment Limited	Joint Venture	10.38	13.81	0.00
7. Aitchutapuram Effluent Treatment Limited(Acc. Interest)	Joint Venture	0.37	0.40	0.00
<b>TOTAL</b>		<b>49.68</b>	<b>257.54</b>	<b>0.00</b>



**5.2.2 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.

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>5.3 OTHERS</b>			
Fixed Deposits	0.00	0.00	13.45
Securities against Guarantees	0.20	0.20	0.00
Accrued int. on Fixed Deposits	0.03	0.09	2.03
Others	37.54	21.54	8.79
<b>TOTAL</b>	<b>37.77</b>	<b>21.83</b>	<b>24.27</b>
<b>6 OTHER NON - CURRENT ASSETS</b>			
<b>6.1 CURRENT TAX ASSETS (NET)</b>	<b>4.91</b>	<b>10.38</b>	<b>3.50</b>
<b>6.2 OTHER NON - CURRENT ASSETS</b>			
Due from GoAP	0.00	0.00	0.00
Taxes paid under protest	47.59	46.91	46.87
Security Deposits (Unsecured)	0.48	0.34	0.23
Deposit towards Land Acquisition	611.59	724.53	621.90
Others	9.44	3.62	9.70
<b>TOTAL</b>	<b>669.10</b>	<b>775.40</b>	<b>678.70</b>
<b>CURRENT ASSETS</b>			
<b>7 INVENTORIES</b>			
(As certified by the management)			
Construction materials	0.44	0.44	0.44
Stock in trade - Land	2820.21	2610.26	2055.13
Stock in Trade - Development	142.74	143.95	145.03
<b>sub-total</b>	<b>2963.39</b>	<b>2754.65</b>	<b>2200.60</b>
Work - in progress	400.39	187.08	153.30
<b>TOTAL</b>	<b>3363.78</b>	<b>2941.73</b>	<b>2353.90</b>

**7.1 Government Lands:**

The company is taking possession of Government Lands in various places in the state pending alienation orders from the Government of Andhra Pradesh. Pending alienation orders, the land taken possession is 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.

Stock in trade - Land includes the following lands which are under dispute.

NAME OF THE ESTATE		EXTENT IN ACRES	Value (Rs. in crores)	
IP - RAMANNAPALEM, KAKINADA		2.48	0.25	
		2.48	0.25	
8	FINANCIAL ASSETS	(Rs.in Crores)	(Rs.in Crores)	(Rs.in Crores)
8.1	TRADE RECEIVABLES	As at 31-3-2018	As at 31-3-2017	As at 31-3-2016
	(Unsecured and Considered Good)			
	Debts exceeding 12 months	52.06	70.70	105.57
	Other debts	8.01	6.57	5.75
		60.07	77.27	111.32
	Less: Provision for doubtful debts	9.20	7.16	4.05
	TOTAL	50.87	70.11	107.27



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. In respect of Deposit towards works undertaken, no provision was created towards bad and doubtful debts.

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>8.2 CASH AND BANK BALANCES</b>			
<b>I) CASH AND CASH EQUIVALENTS</b>			
Balance in Bank Accounts	27.73	84.44	41.24
Balance with Banks - Estates	24.12	1.81	0.79
Cash in Transit	2.94	2.11	0.00
<b>Bank Deposits less than 3 months</b>			
Fixed Deposits	32.34	3.07	3.80
Accrued interest on Fixed Deposits	1.04	0.36	0.00
<b>sub-total</b>	<b>88.17</b>	<b>91.79</b>	<b>45.83</b>
<b>II) BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS</b>			
<b>Earmarked Balances with Banks</b>			
Public Deposit Account	1527.55	51.64	407.87
Other Bank Accounts	47.11	13.50	18.37
<b>Bank Deposits more than 3 months and less than 12 months</b>			
Fixed Deposits	326.61	66.09	13.08
Securities against Guarantees	6.40	20.23	19.70
Accrued interest on Fixed Deposits	5.96	4.18	2.05
<b>sub-total</b>	<b>1913.63</b>	<b>155.64</b>	<b>461.07</b>
<b>TOTAL</b>	<b>2001.80</b>	<b>247.43</b>	<b>506.90</b>
<b>8.3 LOANS</b>			
<b>Secured and Considered Good:</b>			
Loans & Advances to related Parties	57.71	36.35	36.32
Advances to Staff	0.31	0.29	0.45
<b>sub-total</b>	<b>58.02</b>	<b>36.64</b>	<b>36.77</b>
<b>Unsecured and Considered Good:</b>			
Advances to Staff	0.03	0.00	0.03
Interest free Loans & Advances to Staff & Others	0.22	0.30	2.79
<b>sub-total</b>	<b>0.25</b>	<b>0.30</b>	<b>2.82</b>
<b>TOTAL</b>	<b>58.27</b>	<b>36.94</b>	<b>39.59</b>
<b>8.4 OTHERS</b>			
Due from TSIIC	5.14	5.14	5.41
Due from GoAP	27.69	0.00	0.00
Other Advances	1.57	1.32	1.67
<b>TOTAL</b>	<b>34.40</b>	<b>6.46</b>	<b>7.08</b>
<b>9. OTHER CURRENT ASSETS</b>			
Tax Deducted at Source	3.97	7.85	6.08
MAT Credit	3.21	10.31	10.31
Other advances	9.10	5.49	5.73
<b>TOTAL</b>	<b>16.28</b>	<b>23.65</b>	<b>22.12</b>

**9.1** Fixed Deposits include the following amounts held with the banks mentioned against each towards collateral Security in respect of Bank Guarantee arranged on behalf of Andhra Pradesh Gas Infrastructure Corporation Pvt Limited

	(Rs. In crores)		
NAME OF THE BANK	AMOUNT INVESTED	COLLATERAL SECURITY	FREE HOLD AMOUNT
HDFC Bank, Gurunanak Colony, Vijayawada	3.44	3.44	0.00
Andhra Bank, Ring Road Branch, Vijayawada	0.20	0.20	0.00
Canara Bank, SME Branch, Vijayawada	2.96	2.96	0.00
<b>TOTAL</b>	<b>6.60</b>	<b>6.60</b>	<b>0.00</b>

**9.2** The accrued interest on fixed deposits for the year ending is calculated on simple interest rate basis.

**9.3** The balances in respect of Sundry debtors, Loans and advances are subject to confirmation.

9.4 MAT Credit Receivable comprises of amounts relating to F.Y 2014-15 Rs.3.21 crores

	(Rs.in Crores) Asat31-3-2018	(Rs.in Crores) Asat31-3-2017	(Rs. in Crores) Asat31-3-2016
10. AP REORGANISATION ADJUSTMENT ACCOUNT	225.62	225.62	225.62

#### 11 EQUITY SHARE CAPITAL

Authorised Capital

2,00,000 equity shares of Rs. 1000/- each

20.00

20.00

20.00

Issued,Subscribed and Paid up Capital

Equity Shares of Rs. 1000/- each

9.52

9.52

9.52

Total 95,222 equity shares of Rs. 1000/- each

9.52

9.52

9.52

#### 11.1 Details of Shareholders holding more than 5% (percent) shares in the Company:

	As at 31st March 2018		As at 31st March 2017	
	No. of shares	% of holding	No. of shares	% of holding
Government of Andhra Pradesh including its nominees	95222	1.00	95222.00	1.00

11.2 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 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
11.3 Non controlling interest			
APGIC	0.00	11.96	0.00
KPILC	1.98	2.28	1.09
	1.98	14.24	1.09

#### NON-CURRENT LIABILITIES :

#### 12 FINANCIAL LIABILITIES

##### 12.1 BORROWINGS - Secured

Loan from RINL	0.00	96.00	120.00
Loan from NTPC	0.00	20.00	25.00
Term Loans from Banks	2000.00	0.00	0.00
Interest accrued but not due (Payable from 2022-23)	144.51	145.81	135.86
<b>TOTAL</b>	<b>2144.51</b>	<b>261.81</b>	<b>280.86</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.

Out of the principal outstanding at the end of the previous year, an amount of Rs.25.00 crores to NTPC and Rs.74.00 crores to RINL was repaid by VIWSCO during the year. Further, the outstanding balance of Rs.46.00 crores was shown under current maturities of long term debts due to certainty of repayment by VIWSCO.

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

##### 12.1.2 Loan from Banks

During the financial year, 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

(Rs. In crores)

NAME OF THE BANK	2017-18		2016-17	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
Union Bank of India	500.00	0.00	0.00	0.00
Canara Bank	750.00	0.50	0.00	0.00
Bank of India	750.00	0.04	0.00	0.00
<b>TOTAL</b>	<b>2,000.00</b>	<b>0.54</b>	<b>0.00</b>	<b>0.00</b>

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 year towards Guarantee Commission on loan availed from Union Bank of India and the balance amount of Rs.30.00 crores is payable to the Government which is exhibited under other financial liabilities.

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

An amount of Rs.176.33 crores was incurred towards land acquisition for VCIC out of the loan amount. Further, an amount of Rs.264.86 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.

	(Rs.in Crores) As at 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
<b>12.2 OTHER FINANCIAL LIABILITIES</b>			
Due to GoAP - Land	712.61	765.96	483.48
Other Liabilities	41.82	3.85	2.27
<b>TOTAL</b>	<b>754.43</b>	<b>769.81</b>	<b>485.75</b>
<b>13 PROVISIONS</b>			
<b>Provision for leave Benefits</b>			
As per the last balance sheet	11.28	11.07	7.64
Add: Additions during the year	10.54	11.28	11.07
Less: Payments/adjustments during year	11.28	11.07	7.64
<b>TOTAL</b>	<b>10.54</b>	<b>11.28</b>	<b>11.07</b>
<b>13.1</b>	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.		
<b>14 DEFERRED TAX LIABILITIES (NET)</b>			
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 31-3-2018	(Rs.in Crores) As at 31-3-2017	(Rs. in Crores) As at 31-3-2016
Deferred Tax Liability	4.39	4.34	5.75
Less: Deferred Tax Asset	4.03	4.19	4.02
<b>Net Deferred Tax Liability (Asset)</b>	<b>0.36</b>	<b>0.15</b>	<b>1.73</b>
<b>15 OTHER NON - CURRENT LIABILITIES</b>			
Funds for incubation centers, Millenium Towers etc.	48.93	98.54	57.64
Deposit towards works undertaken	285.64	187.25	249.96
Deposits towards Lease Premium - SEZ & NON SEZ	974.24	944.59	939.62
Land Conversion Charges	262.93	266.41	266.41
Other liabilities	200.20	208.02	181.93
<b>TOTAL</b>	<b>1771.94</b>	<b>1704.81</b>	<b>1695.56</b>

**15.1 Construction of Incubation Centres, Millenium Towers etc.:**

Information Technology, Electronics and Communication Department, Government of Andhra Pradesh have released the following amounts for undertaking various works like Construction of Incubation Centres, Millenium Towers, Electronic Manufacturing Cluster etc., which is as follows:

(Rs. in crores)		
SCHEME	2017-18	2016-17
Millenium Towers - Visakhapatnam	0.00	57.26
IT Business Centre, Tirupati	0.43	1.50
IT Layout, Kapuluppada	0.00	24.60
IT Layout, Mangalagiri	2.12	0.00
<b>TOTAL</b>	<b>2.55</b>	<b>83.36</b>

An amount of Rs. NIL (Previous Year Rs.6.75 crores) towards expenditure incurred for construction of IT Incubation Centers was adjusted during the year against the grants received from ITE & C Department, Government of Andhra Pradesh since the incubation centers are ready for use and are operational.

**15.2 Deposit towards works undertaken:**

The Company has been executing civil works on behalf of various departments 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.

**15.3 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.266.41 crores was provided towards conversion charges to the end of the Financial Year (P.Y. Rs. 266.41 crores) for the estates developed by the company. 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.

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 year is retained in the Books of Accounts.

**15.4 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, an amount of Rs. NIL were released by Government of India during the year (Previous Year Rs. 7.61 crores).

**15.5 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, an amount of Rs.4.41 crores (Previous year Rs. 2.08 crores) was received during the year.

**15.6 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	2017-18	2016-17
MIIUS, Bobbili	0.00	2.60
MIIUS, Hindupur	5.76	4.48
Mega Food Park, Mallavalli	15.00	0.00
JRD Tata	1.55	1.97
<b>TOTAL</b>	<b>22.31</b>	<b>9.05</b>

**CURRENT LIABILITIES****16 FINANCIAL LIABILITIES**

<b>16.1 BORROWINGS</b>	<b>(Rs.in Crores)</b> As at 31-3-2018	<b>(Rs.in Crores)</b> As at 31-3-2017	<b>(Rs. in Crores)</b> As at 31-3-2016
Accrued interest on Loan from Banks	0.34	0.00	0.00
<b>TOTAL</b>	<b>0.34</b>	<b>0.00</b>	<b>0.00</b>

**16.2 TRADE PAYABLES**

Trade Payables	0.22	2.49	1.65
<b>TOTAL</b>	<b>0.22</b>	<b>2.49</b>	<b>1.65</b>

**16.2.1** Sundry Creditors and other deposits are subject to confirmation.

**16.3 OTHER FINANCIAL LIABILITIES**

Other Liabilities	239.00	158.51	92.75
Current maturities of long term Debt	46.00	29.00	29.00
Interest accrued and due on borrowings	13.00	7.45	16.13
<b>TOTAL</b>	<b>298.00</b>	<b>194.96</b>	<b>137.88</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. 83.31 crores (Previous Year - Rs.67.61 crores).

<b>17 OTHER CURRENT LIABILITIES</b>	<b>(Rs.in Crores)</b> As at 31-3-2018	<b>(Rs.in Crores)</b> As at 31-3-2017	<b>(Rs. in Crores)</b> As at 31-3-2016
Deposits received from allottees	1177.91	1186.46	1161.82
Other Current Liabilities	42.35	217.44	217.04
<b>TOTAL</b>	<b>1220.26</b>	<b>1403.90</b>	<b>1378.86</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 exhibited as due to textile department i.e., M/s Vizag Apperal Park under other current liabilities.

<b>18 PROVISIONS</b>	<b>(Rs.in Crores)</b> As at 31-3-2018	<b>(Rs.in Crores)</b> As at 31-3-2017	<b>(Rs. in Crores)</b> As at 31-3-2016
<b>(a) PROVISION FOR EMPLOYEE BENEFITS</b>			

**18.1 Provision for leave Benefits**

As per the last balance sheet	0.84	0.55	0.55
Add: Additions during the year	1.10	0.84	0.55
Less: Payments/adjustments during year	0.84	0.55	0.55
<b>sub-total</b>	<b>1.10</b>	<b>0.84</b>	<b>0.55</b>

**(b) OTHERS****18.2 Provision for PS charges**

As per the last balance sheet	3.11	1.50	1.76
Add: Additions during the year	3.60	3.59	1.59
Less: Payments/adjustments during year	4.20	1.98	1.85
<b>sub-total</b>	<b>2.51</b>	<b>3.11</b>	<b>1.50</b>

<b>18.3</b> As per the last balance sheet	536.77	431.58	468.95
Add: Additions during the year	644.25	536.77	55.82
Less: Adjustments made during year	536.77	431.58	93.19
<b>sub-total</b>	<b>644.25</b>	<b>536.77</b>	<b>431.58</b>

**18.4 Provision for taxation**

As per the last balance sheet	20.70	12.36	21.32
Add: Additions during the year	0.65	8.42	11.75
Less: Payments/adjustments during year	19.86	0.08	20.71
<b>sub-total</b>	<b>1.49</b>	<b>20.70</b>	<b>12.36</b>

**18.5 Other Provisions**

As per the last balance sheet	0.50	0.48	0.49
Add: Additions during the year	1.52	0.04	0.00
Less: Payments/adjustments during year	0.04	0.02	0.01
<b>sub-total</b>	<b>1.98</b>	<b>0.50</b>	<b>0.48</b>

<b>TOTAL</b>	<b>651.33</b>	<b>561.92</b>	<b>446.47</b>
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**18.6 CONTINGENT LIABILITIES AND COMMITMENTS****Contingent Liabilities**

S.No	PARTICULARS	31.03.2018 (Rs.in crores)	31.03.2017 (Rs. in crores)
a	Claims against the company not acknowledged as debts	32.89	31.56
b	Guarantees	6.60	15.36
c	<u>Other money for which the company is contingently liable :</u>		
	i) Income Tax Demands	62.25	2.33
	ii) Service Tax Demands	5.45	3.14
	iii) Legal cases	754.30	741.31
	iv) Conversion Charges	552.41	552.41
	<b>TOTAL</b>	<b>1374.41</b>	<b>1299.19</b>
	<b>GRANDTOTAL</b>	<b>1413.90</b>	<b>1346.11</b>

**Commitments**

S.No	PARTICULARS	31.03.2018 (Rs. in crores)	31.03.2017 (Rs.in crores)
a	Other Commitments	83.15	224.63
	<b>TOTAL</b>	<b>83.15</b>	<b>224.63</b>

(Rs.in Crores) (Rs.in Crores)  
As at 31-3-2018 As at 31-3-2017

**19 REVENUE FROM OPERATIONS**

Sale of Land, Sheds, etc... less Sales Returns	413.99	313.26
Lease and other rental income	15.00	13.65
Water Demands	27.35	21.26
Interest on Hire Purchase, ORS and lease	11.59	7.51
Other Operating Revenue	8.07	7.52
<b>TOTAL</b>	<b>476.00</b>	<b>363.20</b>

**20 OTHER INCOME**

Interest Income	22.21	18.11
Dividend	0.51	0.01
Other non operating income	28.05	36.53
Income from Joint Ventures/ Associates	(19.92)	(22.36)
<b>TOTAL</b>	<b>30.85</b>	<b>32.29</b>

**EXPENDITURE****21 COST OF SALES**

Cost of sales - Land & Sheds	344.96	246.00
Cost of sales - Houses/ Buildings	0.00	0.00
<b>TOTAL</b>	<b>344.96</b>	<b>246.00</b>

**22 EMPLOYEE BENEFITS EXPENSE**

Salaries and Allowances	30.75	28.80
Contribution towards Provident and other Funds	2.25	2.27
Contribution to Group Gratuity Premium	0.04	0.01
Staff Welfare Expenses	1.53	1.30

**22.1** Salaries and Allowances includes managerial remuneration to Directors

**22.2** 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. As there is no financial implication for the two days during the year and no additional liability due to enhancement in respect of the employees retired during March, 2018, no provision was made in the books of accounts during the year for the premium payable if any.



<b>22.3 Managerial Remuneration to Directors</b>	<b>For the year 2017-18</b>	<b>For the year 2016-17</b>
	<b>Rs. in crores</b>	<b>Rs. in crores</b>
Salaries and Allowances	0.47	0.61
Medical Expenses	0.01	0.01
Rent	0.06	0.02
<b>TOTAL</b>	<b>0.54</b>	<b>0.64</b>
	<b>(Rs.in Crores)</b>	<b>(Rs.in Crores)</b>
<b>23 FINANCE COST</b>	<b>As at 31-3-2018</b>	<b>As at 31-3-2017</b>
Interest on Term Loans from banks	17.30	0.00
<b>TOTAL</b>	<b>17.30</b>	<b>0.00</b>
<b>24 OTHER EXPENSES</b>		
(a) Rebate to allottees on Land Cost	12.93	7.59
(b) Guarantee Commission to GoAP	40.00	0.00
(c) Repairs and Maintainance	0.30	0.23
(d) Expenditure on ERP & Others	0.15	0.46
(e) Grant to AETL	0.00	3.21
<b>(f) ADMINISTRATION &amp; GENERAL EXPENSES</b>		
Travelling Expenses	0.74	1.57
Rent	0.97	0.81
Rates and taxes	0.28	0.04
Vehicle maintenance	2.22	1.61
Electricity charges	2.85	2.76
Water charges	15.21	10.44
R&M - Estates, Preliminary Land Survey Etc.,	3.53	3.95
Insurance	0.02	0.02
Expenditure on Social Welfare	1.10	2.59
Provision for impairment of investments	2.72	5.20
Other expenses	46.08	57.96
<b>sub-total</b>	<b>75.72</b>	<b>86.95</b>
(g) Prior period items (net)	0.00	(4.12)
<b>TOTAL (a + b + c + d + e)</b>	<b>129.10</b>	<b>94.32</b>
<b>24.1 Other Administrative expenses includes the following auditors' remuneration:</b>	<b>(Rs.in lakhs)</b>	<b>(Rs. in Lakhs)</b>
	<b>As at 31-3-2018</b>	<b>As at 31-3-2017</b>
Statutory Audit fee	3.00	3.00
Out of pocket expenses	0.50	0.50
Fee for Audit of Consolidation of Accounts	1.50	1.50
Others	0.00	0.00
Service Tax / GST thereon	0.00	0.81
<b>Total</b>	<b>5.00</b>	<b>5.81</b>
<b>24.2</b>	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.	
<b>24.3</b>	As per section 135 of the Companies Act, 2013, the company is required to spend an amount of Rs. 0.72 crores during the year towards expenditure on Corporate Social Responsibility. Accordingly, during the year an amount of Rs.1.10 crore was spent towards Corporate Social Responsibility for construction of rythu bazar, anganvadi schools and community halls at veduruwada and dibbapalem, visakhapatnam.	



## 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 Reorganisation 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 are apportioned on location basis and pertaining to Head Quarters are 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	:	203.10
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	:	2778.96
8. Short term Provisions	:	244.07
9. AP Reorganisation adj. account	:	225.60
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3734.90</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	:	1744.29
4. Inventories	:	1440.59
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>3734.90</b>

- 26 The Government of Andhra Pradesh has 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 requiring 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 venture 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.

**28.1 Reconciliation of Consolidated Balance Sheet as previously reported under IGAAP to Ind AS for the Year 2016-17:**

(Rs. in Crores)

Particulars	Note No.	Balance Sheet as at 31.03.2017		
		IGAAP	Effects of transition to Ind AS	Ind AS
<b>ASSETS</b>				
<b>(1) Non - Current Assets</b>				
a. Property, Plant and Equipment	3.1.3	399.48	(68.90)	330.58
b. Capital Work in Progress	4.1	168.67	0.00	168.67
c. Investment Property	4.2.3	0.60	30.50	32.10
<b>d. Financial Assets</b>				
(i) Investments	5.1	16.90	22.03	38.93
(ii) Loans	5.2	221.46	117.82	339.28
(iii) Others	5.3	26.97	(5.14)	21.83
<b>e. Other Non - Current Assets</b>				
(i) Non-Current Tax Assets (Net)	6.1	0.00	10.38	10.38
(ii) Other Non - Current Assets	6.2	899.36	(123.96)	775.40
<b>Non - Current Assets - Total</b>		<b>1733.44</b>	<b>(16.27)</b>	<b>1717.17</b>
<b>(2) Current Assets</b>				
a. Inventories	7	2963.36	(21.63)	2941.73
<b>b. Financial Assets</b>				
(i) Trade Receivables	8.1	137.54	(67.43)	70.11
(ii) Cash and cash equivalents	8.2	161.28	86.15	247.43
(iii) Loans	8.3	17.37	19.57	36.94
(iv) Others	8.4	91.81	(85.35)	6.46
<b>c. Other Current Assets</b>	9	205.64	(181.99)	23.65
<b>(3) AP Reorganisation Adjustment Account</b>	10	0.00	255.62	225.62
<b>Current Assets - Total</b>		<b>3577.00</b>	<b>(25.06)</b>	<b>3551.94</b>
<b>Total Assets</b>		<b>5310.44</b>	<b>(41.33)</b>	<b>5269.11</b>

(Rs. in Crores)

Particulars	Note No.	Balance Sheet as at 31.03.2017		
		IGAAP	Effects of transition to Ind AS	Ind AS
<b>EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(i) Equity Share Capital	11	9.52	0.00	9.52
(ii) Other Equity		321.06	13.16	334.22
(iii) Non controlling Interest	11.3	14.24	0.00	14.24
(iv) Share application money pending allotment		0.00	0.00	0.00
<b>Equity - Total</b>		<b>344.82</b>	<b>13.16</b>	<b>357.98</b>
<b>LIABILITIES</b>				
<b>(2) Non - Current Liabilities</b>				
<b>a. Financial Liabilities</b>				
(i) Borrowings	12.1	261.81	0.00	261.81
(ii) Other Financial Liabilities	12.2	775.37	(5.56)	769.81
<b>b. Provisions</b>	13	11.28	0.00	11.28
<b>c. Deferred tax liabilities (Net)</b>	14	0.15	(0.00)	0.15
<b>d. Other Non - Current Liabilities</b>	15	970.53	734.28	1704.81
<b>Non - Current Liabilities - Total</b>		<b>2019.14</b>	<b>728.72</b>	<b>2747.86</b>
<b>(3) Current Liabilities</b>				
<b>a. Financial Liabilities</b>				
(i) Borrowings	16.1	0.00	0.00	0.00
(ii) Trade Payables	16.2	41.07	(38.58)	2.49
(iii) Other Financial Liabilities	16.3	194.96	0.00	194.96
<b>b. Other Current Liabilities</b>	17	2148.51	(744.61)	1403.90
<b>c. Provisions 18</b>		561.94	(0.02)	561.92
<b>Current Liabilities - Total</b>		<b>2946.48</b>	<b>(783.21)</b>	<b>2163.27</b>
<b>Total Equity and Liabilities</b>		<b>5310.44</b>	<b>(41.33)</b>	<b>5269.11</b>

28.2 Reconciliation of Consolidated Balance sheet as previously reported under IGAAP to Ind AS for the Year 2015-16:

(Rs. in Crores)

Particulars	Note No.	Balance Sheet as at 31.03.2017		
		IGAAP	Effects of transition to Ind AS	Ind AS
<b>ASSETS</b>				
<b>(1) Non - Current Assets</b>				
<b>a. Property, Plant and Equipment</b>	3.1.3	413.64	(86.03)	327.61
<b>b. Capital Work in Progress</b>	4.1	44.56	0.00	44.56
<b>c. Investment Property</b>	4.2.3	0.60	31.66	32.26
<b>d. Financial Assets</b>				
(i) Investments	5.1	32.38	22.03	54.41
(ii) Loans	5.2	225.90	128.19	354.09
(iii) Others	5.3	29.68	(5.41)	24.27
<b>e. Other Non - Current Assets</b>				
(i) Non-Current Tax Assets (Net)	6.1	0.00	3.50	3.50
(ii) Other Non - Current Assets	6.2	809.45	(130.75)	678.70
<b>Non - Current Assets - Total</b>		<b>1556.21</b>	<b>(36.81)</b>	<b>1519.40</b>
<b>(2) Current Assets</b>				
<b>a. Inventories</b>	7	2375.53	(21.63)	2353.90
<b>b. Financial Assets</b>				
(i) Trade Receivables	8.1	206.51	(99.24)	107.27
(ii) Cash and cash equivalents	8.2	472.48	34.42	506.90
(iii) Loans	8.3	20.02	19.57	39.59
(iv) Others	8.4	36.49	(29.41)	7.08
<b>c. Other Current Assets</b>	9	171.66	(149.54)	22.12
<b>(3) AP Reorganisation Adjustment Account</b>	10	0.00	225.62	225.62
<b>Current Assets - Total</b>		<b>3282.69</b>	<b>(20.21)</b>	<b>3262.48</b>
<b>Total Assets</b>		<b>4838.90</b>	<b>(57.02)</b>	<b>4781.88</b>

(Rs. in Crores)

Particulars	Note No.	Balance Sheet as at 31.03.2017		
		IGAAP	Effects of transition to Ind AS	Ind AS
<b>EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(i) Equity Share Capital	11	9.52	0.00	9.52
(ii) Other Equity		339.99	(8.55)	331.44
(iii) Non controlling Interest		1.09	0.00	1.09
(iv) Share application money pending allotment		0.00	0.00	0.00
<b>Equity - Total</b>		<b>350.60</b>	<b>(8.55)</b>	<b>342.05</b>
<b>LIABILITIES</b>				
<b>(2) Non - Current Liabilities</b>				
<b>a. Financial Liabilities</b>				
(i) Borrowings	12.1	280.86	0.00	280.86
(ii) Other Financial Liabilities	12.2	491.37	(5.62)	485.75
<b>b. Provisions</b>	13	11.07	0.00	11.07
<b>c. Deferred tax liabilities (Net)</b>	14	1.73	0.00	1.73
<b>d. Other Non - Current Liabilities</b>	15	961.47	734.09	1695.56
<b>Non - Current Liabilities - Total</b>		<b>1746.50</b>	<b>728.47</b>	<b>2474.97</b>
<b>(3) Current Liabilities</b>				
<b>a. Financial Liabilities</b>				
(i) Borrowings	16.1	0.00	0.00	0.00
(ii) Trade Payables	16.2	35.37	(33.72)	1.65
(iii) Other Financial Liabilities	16.3	137.88	0.00	137.88
<b>b. Other Current Liabilities</b>	17	2122.08	(743.22)	1378.86
<b>c. Provisions</b>	18	446.47	0.00	446.47
<b>Current Liabilities - Total</b>		<b>2741.80</b>	<b>(776.94)</b>	<b>1964.86</b>
<b>Total Equity and Liabilities</b>		<b>4838.90</b>	<b>(57.02)</b>	<b>4781.88</b>

28.3 Reconciliation of Consolidated statement of Profit &amp; Loss as previously reported under IGAAP to Ind AS for the Year 2016-17:

(Rs. in Crores)

Particulars	Note No.	Balance Sheet as at 31.03.2017		
		IGAAP	Effects of transition to Ind AS	Ind AS
I. Revenue from operations	19	429.20	(66.00)	363.20
II. Other Income	20	36.91	(4.62)	32.29
<b>III. Total Revenue (I + II)</b>		<b>466.11</b>	<b>(70.62)</b>	<b>395.49</b>
<b>IV. Expenses</b>				
a. Cost of Sales	21	251.70	(5.70)	246.00
b. Exploratory Cost Written off		0.00	0.00	0.00
c. Employee Benefits expense	22	32.62	(0.24)	32.38
d. Finance Costs	23	0.00	0.00	0.00
e. Depreciation and amortization expense		20.84	(16.99)	3.85
f. Other expenses	24	162.11	(67.79)	94.32
<b>Total Expenses</b>		<b>467.27</b>	<b>(90.72)</b>	<b>376.55</b>
<b>V. Profit before Exceptional items and tax (III - IV)</b>		<b>(1.16)</b>	<b>20.10</b>	<b>18.94</b>
VI. Exceptional items		(2.96)	0.00	(2.96)
<b>VII. Profit before tax (VII - VIII)</b>		<b>1.80</b>	<b>20.10</b>	<b>21.90</b>
<b>VIII. Tax expense:</b>				
(1) Current Tax		10.27	0.00	10.27
(2) Deferred Tax - Current Year		(1.57)	0.00	(1.57)
<b>IX. Profit/ (Loss) for the period</b>		<b>(6.90)</b>	<b>20.10</b>	<b>13.20</b>
<b>X. Other Comprehensive Income</b>				
(i) Items that will not be reclassified to Profit or Loss				
Employee Cost - Actuarial gain (loss)		0.00	0.00	0.00
<b>Tax expense:</b>				
(1) Current Tax		0.00	0.00	0.00
(2) Deferred Tax - Current Year		0.00	0.00	0.00
<b>XI. Total Comprehensive Income/(Loss) for the year</b>		<b>(6.90)</b>	<b>20.10</b>	<b>13.20</b>

**29 Financial Information of Subsidiary Companies :**

Particulars	31.03.2018	Rupees in Crores 31.03.2017
<u>Andhra Pradesh Gas Infrastructure Corporation Limited (APGIC) :</u>		
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)	54.44	54.44
Reserves and Surplus	(118.12)	(57.78)
Total assets	118.08	109.16
<b>Total Liabilities</b>	181.76	112.50
Total assets of APGIC include investments in Equity of shares of Rs.10 each fully paid in Andhra Pradesh Gas Distribution Company Limited, a 50:50 Joint Venture company between APGIC and GAIL.		
	20.44	20.44
APGIC has not yet commenced its commercial operations. Profit and loss statement is not prepared. Hence, turnover, profit before taxation, profit after taxation are nil.		
<u>Krishnapatnam International Leather Complex Private Limited (KPILC) :</u>		
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)	25.29	4.55
Total assets	32.20	11.18
<b>Total Liabilities</b>	6.81	6.53

**30 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.25.40 crores) in Andhra Pradesh Gas Infrastructure Corporation (P) Ltd upto the end of the previous year. Further, an amount of Rs. 1.77 crores was invested during the previous year towards additional subscription to the Equity Share Capital.

During 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% equity contribution of 2,71,66,000 equity shares @ Rs. 1/- each) towards investment in APGIC as the subsidiary company has been incurring losses continuously for the last three years.

**31 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.

32 Previous year's figures have been regrouped / rearranged wherever necessary and have been rounded off to crores.

AS PER OUR REPORT DATED: 18.12.2019

ANJANEYULU & Co.,  
CHARTERED ACCOUNTANTS  
FIRM REG. No.: 000180S

FOR AND ON BEHALF OF THE BOARD

Sd/-  
K NARAYANA MURTHY  
PARTNER  
M.No.: 026012

Sd/-  
MADIREDDY PRATAP, IPS  
VICE CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
R K ROJA  
CHAIRPERSON

DATE: 27.11.2019  
PLACE: MANGALAGIRI

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



**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018**

(Rs. in Crores)

Particulars	Current Year (2017-18)	Previous Year (2016-17)
<b>Cash flows from operating activities:</b>		
Net Profit before taxation and exceptional items	(82.76)	18.94
Add: Adjustments for:		
Depreciation and amortisation	3.65	3.85
Divident Income	(0.51)	(0.01)
Interest Expenses	17.30	0.00
Profit / loss on sale of fixed assets	0.00	0.00
<b>Operating profit before working capital changes</b>	<b>(62.32)</b>	<b>22.78</b>
Add: Adjustments for:		
Inventories	(32.02)	(587.90)
Trade receivables	19.24	37.16
Other current and non current assets	(408.43)	(69.74)
Loans and advances	180.74	(69.74)
Payables, liabilities and provisions	143.64	474.53
<b>Net Cash flow from operating activity before Income tax</b>	<b>(159.15)</b>	<b>(186.31)</b>
Add : Income tax paid	(4.91)	(8.73)
<b>Net Cash flow from operating acitivities before exceptional items</b>	<b>(164.06)</b>	<b>(195.04)</b>
Add: Exceptional item	0.00	2.96
<b>Net Cash flows from operating activities (I)</b>	<b>(164.06)</b>	<b>(192.08)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of fixed assets	(83.31)	(81.36)
Purchase of investments	18.53	8.52
Dividend Income	0.51	0.01
Sale of fixed assets	0.00	0.00
<b>Net Cash flow from investing activities (II)</b>	<b>(64.27)</b>	<b>(72.83)</b>
<b>Cash flow from financing activities:</b>		
Proceeds from issuance of share capital	0.00	5.44
Proceeds from long term borrowings	2000.00	0.00
Interest paid on long term borrowings	(17.30)	0.00
<b>Net cash flow from financing activities (III)</b>	<b>1982.70</b>	<b>5.44</b>
<b>Net increase in cash and cash equivalents (I + II + III)</b>	<b>1754.37</b>	<b>(259.47)</b>
Cash and cash equivalents at the begining of the year	247.43	506.90
Cash and cash equivalents at the end of the year	2001.80	247.43
<b>This is the Cash flow statement referred to in our report</b>		

AS PER OUR REPORT DATED: 18.12.2019  
for ANJANEYULU & Co.,  
CHARTERED ACCOUNTANTS  
FIRM REG. No.: 000180S

FOR AND ON BEHALF OF THE BOARD

**Sd/-**  
K NARAYANA MURTHY  
PARTNER  
M.No.: 026012

**Sd/-**  
MADIREDDY PRATAP, IPS  
VICE CHAIRMAN &  
MANAGING DIRECTOR

**Sd/-**  
R K ROJA  
CHAIRPERSON

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

DATE: 27.11.2019  
PLACE: MANGALAGIRI





### **INDEPENDENT AUDITORS' REPORT**

To  
The Members of  
**ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED,**  
**HYDERABAD.**

#### **Report on the Consolidated IND AS Financial Statements**

We have audited the accompanying Consolidated IND AS Financial Statements of **Andhra Pradesh Industrial Infrastructure Corporation Limited (herein after referred to ss "The Holding Company") and its subsidiaries namely Andhra Pradesh Gas Infrastructure Corporation Pvt Ltd and Krishnapatnam International Leather Complex Pvt Ltd (the holding company and its subsidiaries together referred to as "The Group")** which comprise of the Consolidated Balance Sheet as at 31" March **2018**, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement , the Consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In respect of other subsidiary companies, we did not carry out the audit. These financials have been audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amount included in respect of the subsidiary companies is based solely on the report of the other auditors.

#### **Management's Responsibility for Consolidated IND AS Financial Statements**

The Holding Company's Board of Directors is responsible for the Preparation of these Consolidated IND AS Financial Statements in requirement of The Companies Act, 2013 that give a true and fair view of the consolidated financial performance and consolidated cash flows of the Group including controlled entities in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts), Rules, 2014.

The respective Board of Directors of the companies included in the Group, its jointly controlled companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and jointly controlled companies 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 internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated IND AS Financial Statements by the Directors of the Holding Company, as aforesaid.



## **Auditors' Responsibility**

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated IND AS Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated IND AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated IND AS Financial Statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated IND AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the financial statements.

*The Audited Accounts of previous financial year i.e. FY 2016-17 are yet to be adopted by the shareholders in the AGM as on the date.*

Pending adoption of previous financial year accounts , the company has finalized the accounts for the FY 2017-18 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.

### **Basis for Qualified Opinion:**

#### **A) We have qualified the Standalone financials as under:**

##### **1) 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 reconcilsation with the Government of Andhra Pradesh. **(Refer note no. : II)**

##### **2) Other Equity : Capital Reserve current year Rs. 7.58Crores (Previous Year Rs. 7.58Crores) :**

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 Id.09.1998, 171 dated 27.05. 1999, 224 doned 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)**

##### **3) Rosits received from allottees: Current year Rs. II 77.91 crores (Previous Year Rs.118.46 crores)**

This includes party wise un-reconciled amounts with head office/Zonal offices which are yet to be quantified and reconciled **(Refer note no. : 17)**

**4) Provision for contractual obligations :** Current year Rs.644.25 crores (Previous Year Crores)

As per the information and explanation are given to us, the Corporation after reviewing various pending contractual obligations at the year end estimated the provision against contractual obligations as Rs. 644.25 Crores (Previous year Rs. Rs.536.77 Crores) and accordingly provided

Disclosure:

Since the contractual works are extending beyond one year, we are of the opinion that this Provision should be disclosed under Long term provisions.

**5) Nett conformity of Indian Accounting Standard 18 Revenue Recognition-Sale of Land, Sheds etc- Rs. 413.99 Crores (P. Y. 313.26 Crores) : (Refer Accounting Policy No. 2.10}**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to fee stage of completion of the frnnsncifoR at the end of the reporting period

As per para 4.2.1 of the Ind AS 18, The recognition of revenue by reference to the stage of completion of a transaction is often referred to as the percentage of completion method. Under this method, revenue is recognised in the accounting periods in which the services are rendered. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period. Ind AS 11 also requires the recognition of revenue on this basis. The requirements of that Standard are generally applicable to the recognition of revenue and the associated expenses for a transaction involving the rendering of services.

However the agreement of sale is entered with allottees on receipt of full consideration, though the substantial contractual obligations amounting to Rs 44.25 Crores are yet to be fulfilled. In our opinion Para 4.2.1 of Ind AS -18 Revenue Recognition is not applied.

**Guideline Note on Real Estate ref. section issued by the ICAI :**

Further Para 5.3 of the further note of Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, has laid down the methodology of application of percentage completion method in this type of transactions. Under this revenue is to be recognized on fulfillment of all the following conditions:

- a. *Obtaining all critical approvals necessary for Commencement of Project.*
- b. *When the stage of completion of the project reaches a reasonable level of development incurring construction and development cost of 25% or more of the total estimated cost.*
- c. *At least 25% of the saleable area is secured by contracts or Sale agreements with buyers.*
- d. *At least 10% of the total revenue as per agreement of sale or as other legally enforceable documents is realized at the reporting date in respect of each of the contracts and it is reasonable to expect that parties to such contracts will comply with the payment terms as defined in contracts.*

*As per the information and explanation given to us, In respect of certain projects corporation has failed to comply conditions "b" and "c" though the corporation has complied the conditions of "a" and "d".*

*In the light of the above, the corporation is not adhering to para 4.2.1 of Ind AS -18 Revenue recognition while adapting the income recognition policy (vide para No. 4 of Note No.1 of standalone Ind AS financial statements). Hence 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.*

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

*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 accounts and by not clubbing/consolidating these transactions.*

*The Assets and Liabilities of the Corporation have been understated.*

*The profit or loss of the corporation has been understated.*

*Cash Flows are understated.*

*We are not in a position to quantify the impact on Assets and Liabilities and Profit / Loss due to failure on the part of the management to provide the necessary information. Further, we are of the opinion that not clubbing the income of IALAs will tant amount to non compliance of Ind AS-18 : Revenue. (Refer to Note No. '26)*

- B) The auditors of subsidiary company **Andhra Pradesh Gas Infrastructure Corporation Pvt Ltd** mentioned no qualifications in their audit report

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid group, its associates and jointly controlled companies financial statements together with notes thereon, give the information required by the Act in the manner so required subject to the comments mentioned above and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of consolidated Balance Sheet, of the state of affairs of the APIIC Group as at March 31, 2018.
- b) In the case of consolidated statement of Profit and Loss, Profit of the APIIC Group for the year ended on that date; and
- c) In the case of consolidated Cash flow statement, of the cash flow of the APIIC Group for the year ended on that date.
- d) In the case of consolidated statement of Changes in Equity, of the APIIC Group for the year ended on that date

**Emphasis of Matter**

We draw attention to the following matters in the Notes to the IndAS Financial statements :

1) **Drawl of Standalone Ind AS financial statements Excluding Telangana Region**

- 2) Based on the approval of demerger scheme by the expert committee on 16.05.2015 the Standalone IndAS financial statements are drawn exclusive of Telangana region, though the approval by the Central Government authorities or its nominees for the Scheme Of Apportionment/Demerger/Arrangement of Andhra Pradesh Industrial Infrastructure Corporation Limited And Telangana State Industrial Infrastructure Corporation Limited, is pending. **(Refer to Note No.25)**

3) **Non Confirmation:**

Attention is drawn to the Note No.: 8.1 wherein the corporation has not obtained confirmations for the balances of Sundry debtors, Loans and Advances and these balances are yet to be reconciled with respective parties. Similarly Trade payables, Loans and advances shown under Note No.: 16.2 are yet to be confirmed and reconciled.

4) **GST Liability:**

Attention is drawn to note no.24.2 which states the information submitted in returns for the year are yet to be co-related with the books of Accounts.

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

**5) In respect of Andhra Pradesh Gss Infrastructure Corporation Ltd :**

(i) Note no:1 (B)(6) The company is holding more than 20% of the total shares of APGDCL and APGDCL is an associate company of APGICL, Further APGICL is a subsidiary company of other domestic company namely APIIC / APGENCO and the Company's shares not listed or proposed to list in any stock exchange. As per the Rule 6 relating Section 129(3) of the Companies Act 2013, intermediary holding companies exempt from presentation of consolidated financial statements if, ultimate holding company is an Indian company and the securities of the company are not listed or proposed listed in the stock exchange and ultimate holding company presenting consolidated financial statements. Accordingly Management has the opinion that, the company is exempted under rule 6 and not required to prepare and present consolidation financials statements.

Note no:1 (B)(8) : Deferred Tax Asset on "carry forward losses under Income Tax Act" is not recognized in absence of virtual certainty of the future anticipated profits of the company. Further no deferred tax recognized on timing differences also due to uncertainty.

(iii) Note no: (B)(14) Debtors, Creditors, Loans, Advances and Unsecured Loans are subject to confirmation.

The auditors have drawn attention towards the applicability of IND AS-1 regarding the financial statements being prepared on a going concern basis, not with standing the fact that the company has accumulated losses and its net worth has been eroded, the company has incurred cash losses during the current and immediate previous year. These conditions along with the other matters stated in the notes of the above company indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern. However, the financial statements of the above company have been prepared on a going concern basis. The auditors were unable to express an independent opinion in this matter.

**Other Matters**

The details of assets and revenues in respect of subsidiaries to the extent which it is included in the Consolidated IND AS Financial Statements are given below.

S.No.	Type of Company	Audited/ Provisional	Total assets(Rs. In Crores)	Revenues (Rs. In Crores)
1.	Subsidiary	Audited	116.88	0.03
2.	Subsidiary	Audited	10.64	0

Our opinion is not qualified in respect of other matters.

**Report on Other Legal and Regulatory Requirements**

- 1) The Companies (Auditors Report) Order, 2016 ("the order") issued by the Central Government of India in terms of Section 143(11) of the Act, is not applicable to the Consolidated IND AS Financial Statements as referred in proviso to Para 2 of the said order.
- 2) We are enclosing our report in term of section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given, in the **Annexure - A and B** on the directions and sub- directions issued by the Comptroller and Auditor General of India.

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

- i. We have sought and except for the matters described in the basis for qualified opinion paragraph above, 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;
- ii. In our opinion, proper books of **accounts** as required by law have been kept by the Company so far as it appears from our examination of those books;
- iii. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash flow Statement, Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
- iv. In our opinion, the aforesaid Consolidated IND AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

However in respect of subsidiary **Andhra Pradesh Gas Infrastructure Corporation** Pvt Ltd the auditors mentioned that the financial statements of the company comply with the accounting standards except for AS-15 Employee Benefits provided for payment basis, AS-16 Borrowing Cost, AS-22 Accounting for Tax on Income-non recognition of deferred tax on timing difference, AS-29 Provisions, contingent liability and contingent asset.

- v. The matters specified in the basis for qualified opinion paragraph above in our opinion may have an adverse effect on the functioning of the company.
- vi. Being a Government Company, Section 164(2) of the Companies Act, 2013, regarding 'Whether any director is disqualified from being appointed as a director' is not applicable to the corporation in view of notification number G.S.R.463(E) dated 05.06.2015.
- vii. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "**Annexure C**".
- viii. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
  - a) The Consolidated IND AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the group, its associates and jointly controlled entities as referred to in Note: 18.6 to the Consolidated IND AS Financial Statements.
  - b) The Group, its associates and jointly controlled companies did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - c) There were no amounts which were, required to be transferred to the Investor Education and Protection Fund by the Group, joint venture and associate companies.

For ANJANEYULU & CO.,  
Chartered Accountants  
FRN: 000180S

Place: Hyderabad  
Date: 18-12-2019

Sd/-  
(K.NARAYANA MURTHY)  
Partner  
M No.026012

**ANNEXURE — “A” TO THE INDEPENDENT AUDITOR’S REPORT**

As per the information available in the statutory audit reports of the subsidiaries including associates and joint ventures, we have not observed any Report on directions as per section 143(5) of The Companies Act, 2013. However, we are submitting the report submitted in respect of the holding company i.e., Andhra Pradesh Industrial Infrastructure Corporation Ltd.

<b>S.No</b>	<b>Directions</b>	<b>Action Taken</b>	<b>Impact on Financial Statements</b>
1.	Whether the company has clear title/ lease deeds for freehold and lease hold land respectively? If not please state the area of free hold and leasehold land for which title/ lease deeds are not available.	As per the information and explanation given to us, the corporation is not having any lease hold land and having a clear title for freehold lands.	NIL
2.	Whether there are any cases of waiver/ write off of debts/ loans interests etc., If yes the reason, there for and the amount involved.	As per the information and explanation given to us, there is no write off of debts, loans, or interest in the financial statements for the year 2017-18.	NIL
		As per the information and explanation given to us, there are no inventories lying with the third parties and there are no assets received as gift / grant from government or other authorities.	NIL
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant from government or other authorities.		

For ANJANEYULU & CO.,  
Chartered Accountants  
FRN: 000180S

Sd/-  
(K.NARAYANA MURTHY)  
Partner  
M No.026012

Place: Hyderabad  
Date: 18-12-2019



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

**Report on Sub-Directions under section 143(5) of The Companies Act, 2013**

<b>S.No</b>	<b>Directions</b>	<b>Action Taken</b>	<b>Impact on Financial Statements</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 may be provided.	As per the information and explanation given to us, the company has no idle land owned by it and not reported any encroachments. The company has not declared any land as surplus land which is not put to use.	NIL
2.	Whether system for monitoring the execution of works vis-a-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation. If any revenues/ losses from the contracts etc., have been properly accounted for in the books.	Yes, as per the information and explanation given to us, the corporation is executing the works with deposits on cost plus basis. Hence the question of loss does not arise.	NIL
3.	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized? List the cases of deviation.	As per the information and explanation given to us, there is no deviation of utilization of funds for the purpose for which it is sanctioned.	NIL
4.	Whether the bank guarantees have been revalidated in time ?	As per the information and explanation given to us, the company had revalidated the bank guarantees in time.	NIL

Place: Hyderabad  
Date: 18-12-2019

For ANJANEYULU & CO.,  
Chartered Accountants  
FRN: 000180S

Sd/-  
(K.NARAYANA MURTHY)  
Partner  
M No.026012



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

Lr.No.PAG(Audit)/AP/ES(PSU) ID2/ AA / APIIC/2020 -21/02

Date : 04-06-2020

**To**

**The Managing Director,**  
**Andhra Pradesh Industrial Infrastructure Corporation Limited**  
**D.No.59A-20-3/2A, 1st, 2nd & 3rd Floors, Sri Siva Complex,**  
**Funtimes Club Road, Teachers Colony,**  
**Vijayawada - 520008, Andhra Pradesh.**

**Sir,**

**sub : Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year 2017-18.**

1. I am to forward herewith comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of your Company for the year 2017- 18 for necessary action.
2. The date of placing of Comments along with Financial Statements and Auditors' Report before the shareholders of the company may please be intimated and a copy of the proceedings of the meetings furnished.
3. The date of forwarding the annual report and financial statements of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government of AP for the year 2017-18 for being placed before the Legislature may also be intimated. The date on which Annual Report is tabled in the Legislatures may also be intimated.
4. Five copies of the annual report for the year 2017- 18 are to be furnished to this office without fail.

Yours faithfully,

Encl : As above

Sd/-  
Sr, Deputy Accountant General/ES

## **ANNEXURE -VII**

### **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 2018.**

The preparation of the Consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2018 in accordance with financial reporting framework prescribed under 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 their audit report dated 18.12.2019.

I, on behalf of the Comptroller & 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 2018 under Section 143(6)(a) read with section 129 (4) of the Act. The list of subsidiaries, associates and jointed ventures of the company for the year ended along with status of supplementary audit are enclosed in Annexure – A. 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.

#### **BALANCE SHEET**

#### **EQUITY and LIABILITIES**

#### **(2) Non - Current Liabilities**

#### **(d) Other Non - Current Liabilities (Note No. -15) - ₹ 1771.94 crore**

1. Government of Andhra Pradesh amended the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 by enacting Act No.13 of 2018. As per Sub-section (g) of Section 7 of amended Act, the

lands allotted to the Company are exempted from the provisions of the Act, 2006. In this regard, GoAP issued orders (G.O.No.37 dated 25.01.2018) stating that the Act shall come into force from 01-02-2018. Further, GoAP also issued orders (G.O Ms.No.98 dated 19-02-2018) stating that in case of lands allotted to APIIC, the lands stand converted to Non-Agricultural purpose. Though exemption under Act No.13 is applicable for lands allotted from 01-02-2018, the Company has not provided the liability for conversion charges for land allotted up to 01-02-2018. The Company has instead disclosed contingent liability to the extent of ₹ 552.41 crore towards conversion charges pertaining to the period up to 2014-15. Further, there is a liability of ₹ 27.42 crore for the years 2015-16 and 2016-17. The amount of conversion charges for the year 2017-18 though called for, were not furnished to Audit.

Thus, non-provision for the liability towards conversion charges for the lands allotted prior to exemption has resulted in understatement of 'Other Non-Current Liabilities' and overstatement of 'Contingent Liabilities' by at least ₹ 552.41 crore.

### **Note No. 15.3 - Land Conversion charges**

2. A reference is invited to Note No. 15.3 wherein it was disclosed that “.... Pending receipt of decision of the Government, an amount of ₹ 266.41 crores was provided towards conversion charges to the end of the Financial Year (P.Y. ₹ 266.41 crores) for the estates developed by the Company.”

However, it was observed in audit that provision of ₹ 266.41 crore pertains to the period up to the end of FY 2014-15. The amount of conversion charges pertaining to the years 2015-16, 2016-17 and 2017-18 (current year) were not provided for. Hence, the disclosure made in the aforesaid note is incomplete.

### **AP Reorganization Adjustment Account - ₹ 225.62 crore**

3. The business of the Company was reorganized and segregated into Andhra Region and Telangana Region as per the provisions of the AP Reorganization Act, 2014 w.e.f. 02.06.2014 consequent to the bifurcation of the erstwhile state of Andhra Pradesh. A new Company namely M/s TSIIC Limited was incorporated on 04.09.2014 under the Companies Act 2013 and took over the Telangana division of MIs APIIC Limited from 02.06.2014.

As per the demerger scheme, an amount of ₹ 225.60 crore was receivable from MIs TSIIC Limited as part of the bifurcation of the state. The same was indicated as 'AP Reorganization Adjustment Account'. This was not

confirmed by M/s TSILC Limited. Also, owing to some other disputes, M/s TSILC Limited is showing an amount of 5 638.11 crore (as on 31.03.2016) as receivable from the company. Hence, the amount indicated in AP Reorganization Adjustment Account - ₹ 225.62 crore could not be confirmed in Audit. The fact that the amount was not confirmed by TSILC Ltd. was not disclosed in notes to accounts.

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

Sd/-  
(L.V.SUDHIR KUMAR)

**प्रधान महालेखाकार (ले. प)**

Principal Accountant General (AUDIT)

**Place: Hyderabad**

**Date: -06-2020**

## **Annexure - A**

### **Supplementary Audit status of Subsidiaries, Associates and Joint Ventures of the Company for the year ended 31 March 2018**

<b>Sl. No.</b>	<b>Name of Company</b>	<b>Relationship with APIIC</b>	<b>Whether Supplementary Audit conducted</b>
1.	Andhra Pradesh Gas Infrastructure Coorarpation Pvt. Limited	Subsidiary	Yes, Nil comments issued
2.	Krishnapatnam International Leather Complex Pvt. Limited	Subsidiary	Non-Review Certificate issued
3.	Andhra Pradesh Gas Distribution Corporation	Subsidiary	Non-Review Certificate issued Industrial
4.	Visakhapatnam Water Supply Company Limited	Joint Venture	Not conducted
5.	Atchutapuram Effluent Treatment Limited	Joint Venture	Not conducted
6.	Ace Urban Hi-Tech City Limited	Associate	Not conducted

**Place: Hyderabad**

**Date: -06-2020**

Sd/-

(L.V.SUDHIR KUMAR)

**प्रधान महालेखाकार (ले. प)**

Principal Accountant General (AUDIT)