46th ANNUAL REPORT
2018-19

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

(A Government of Andhra Pradesh Undertaking)

Regd.Office : Parisrama Bhavan, 6th Floor, 5-9-58/B, Fateh Maidan Road, Hyderabad - 500004
Corporate Office : APIIC Towers, Plot No.1, Mangalagiri, Guntur Dist - 522 503, Andhra Pradesh

ANDHRA PRADESH
INDUSTRIAL INFRASTRUCTURE CORPORATION LITD

CIN: U99999TG1973SGC001630

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

**Corporate office : APIIC Towers, Plot No.1, IT Park
Mangalagiri - 522503**

INDEX

GENERAL INFORMATION

BOARD OF DIRECTORS :

a) Chairman:

1	Dr. Krishnaiah Pirrala, IAS (Retd.) Executive Chairman	From 21-08-2014 to 24-05-2019

b) Vice-Chairman & Managing Director:

2	Sri Babu.A, IAS Vice-Chairman & Managing Director	From 08-05-2017 to 04-07-2019

c) Directors:

During the Financial Year 2018-19, the following are the Members of the Board

3	Sri Solomon Arokiaraj, IAS Secretary to Govt., & CIP, I & C Dept.,	From 28-07-2016 to 23-10-2019
4	Sri Siddharth Jain Fouzdar, IAS Commissioner of Industries, A.P	From 17-04-2017 to 23-10-2019
5	Sri Siddharth Jain Fouzdar, IAS Managing Director, APSFC	From 21-12-2017 to 01-03-2020
6	Ms. Hema Munivenkatappa, IA & AS Special Secretary to Govt., Finance Department	From 15-07-2016 to 23-07-2018
7	Sri Peeyush Kumar, IAS Special Secretary to Govt., Finance Department	From 23-07-2018 to 23-10-2019
8	Sri Rahul Pandey, IFS Special Secretary to Govt., E,I&I & CRDA Dept.	From 25-06-2016 to 10-04-2018
9	Sri K. Vijayanand, IAS Principal Secretary to Govt., ITE & C Dept.,	From 26-11-2016 to 23-10-2019
10	Sri B.S.S. Prasad, IFS Member Secretary, APPCB	From 03-07-2015 to 11-06-2018
11	Sri Vivek Yadav, IAS Member Secretary, APPCB	From 11-06-2018 to 08-02-2019
12	Sri G. Anantha Ramu, IAS Member Secretary, APPCB	From 08-02-2019 to 23-10-2019

COMPANY SECRETARY

Sri M. Siva S Reddy

BANKERS

Union Bank of India
State Bank of India
HDFC Bank
Kotak Mahindra Bank
ICICI Bank

AUDITORS

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

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: 9th, 10th & 11th Floors, APIIC Towers, Plot No-1, IT Park, Mangalagiri, Guntur District, Andhra Pradesh-522503

N O T I C E

Notice is hereby given that the Adjourned 46th Annual General Meeting of the Members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held at a Shorter Notice on Tuesday, the 11th day of January, 2022 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 2018-19 containing Balance Sheet, Profit & Loss Statement, Cash Flow Statement, accounting policies, Notes to Accounts, Consolidated Balance Sheet, Consolidated Profit and Loss Statement, Consolidated Cash Flow Statement, Consolidated accounting policies, Consolidated Notes to Accounts for the year ending 31st March, 2019, 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/-
M. Siva S Reddy
Company Secretary

Place: Mangalagiri
Date: 04.01.2022

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

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 46th Annual General Meeting of the Members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held on Wednesday, the 11th day of September, 2019 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 2018-19 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, 2019, 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 2019-20.

Special Business:

1. Approval of Cost Auditors Remuneration:

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 and (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) M/s. Shivan & Co., Cost Accountants, Narasaraopet (Firm Registration No. 100560), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the company, be paid a remuneration amounting to Rs. 2,40,000/- (Rupees Two Lakh Forty thousand only) for each year plus applicable taxes for the financial years from 2014-15 to 2016-17."

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution.”

BY ORDER OF THE BOARD
FOR APIIC LIMITED

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

Place: Hyderabad
Date: 14-08-2019

Note:

a) 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 46th Annual Report on the business and operations of the Company and its Audited Statement of Accounts for the year ended 31st March, 2019 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 2018-19 vis-a-vis the previous year is summarized in the table below:

	(Amount in Rs. Crores)	
Financial Results	**Year ended 31st March, 2019**	**Year ended 31st March, 2018**
(a) Turnover (including Other Income)	436.88	526.74
(b) Net Profit/Loss (before depreciation and tax)	39.17	1.75
Less : Depreciation	3.92	3.64
(c) Net Profit/(Loss) before tax	35.25	(1.89)
Less : Provision for Tax (including for deferred tax)	13.81	0.52
(d) Net Profit/(Loss) after tax	21.44	(2.41)

Accounting System:

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

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

Property held to earn rentals or for capital appreciation in which portions could be sold separately is accounted for as investment property 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.

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

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

Meetings During the Financial Year 2018-19

Board Meetings

During the financial year 2018-19, the Board of Directors of the Company duly met Four (4) times.

1. 10.04.2018
2. 09.08.2018
3. 04.12.2018
4. 08.01.2019

Directors and Key Managerial Personnel

Chairman:

1	Dr. Krishnaiah Pirrala, IAS (Retd.) Executive Chairman	From 21-08-2014 to 24-05-2019

Vice-Chairman & Managing Director:

2	Sri Babu.A, IAS Vice-Chairman & Managing Director	From 08-05-2017 to 04-07-2019

Directors:

During the Financial Year 2018-19, the following are the Members of the Board

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12	Sri G. Anantha Ramu, IAS Member Secretary, APPCB	From 08-02-2019 to 23-10-2019

Key Managerial Personnel:

13	Sri Siva Satyanarayana Reddy Manda Company Secretary, APIIC Limited	From 01-05-2006 to till date

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 942.89 acres of Patta land, 3352.04 acres of Assigned land and 3950.05 acres of Government land during the year. The aggregate extent of land taken over possession by your Company for the financial year 2018-19 is 8244.98 acres.

Development and Allotment of Plots:

Your Directors are happy to inform that your Company allotted Acs. 1601.75 Cts of land in our State during the financial year 2018-19.

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. 28430.25 Lakhs in the year 2018-19 were taken up. Out of this, the capital infrastructure development is Rs. 10796.77 Lakhs, ITE&C Dept Deposit works are Rs. 5500.00 Lakhs, deposit works for Rs. 10253.00 Lakhs and APIIC & Government of India Works for 436.20 Lakhs & APIIC works for which Agreement concluded but work not commenced are Rs. 1444.28 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 50% or 35% 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.

Public Deposits

The company has not accepted any deposits from Public during the F.Y.2018-19.

Investments in Subsidiary, Joint Venture and Associate Companies

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

S. No	Name of the Company	Percentage (%) of Shareholding	No. of Shares Held	Face value of each share (In Rs.)	Total value of Shares
Investment in Subsidiary Co's					
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
Investments in Joint Ventures					
3	NICDIT Krishnapatnam Industrial City Development Limited	50	25,00,000	10	2,50,00,000
4	Visakhapatnam Industrial Water Supply Company Limited	49	2,20,27,071	10	22,02,70,710
5	Atchutapuram Effluent Treatment Limited	49	1,16,59,790	10	11,65,97,900
Investment in Associate Co's					
6	Ace Urban Hitech City Limited (formerly L&T Hitech City Limited)	26	52,00,000	10	5,20,00,000
7	KP Agri Warehousing Company Private Limited	26	26000	10	2,60,000
8	Andhra Pradesh Aerospace & Defence Electronics Park Private Limited	26	1,30,00,000	10	13,00,00,000
9	Bharatiya International SEZ Limited	11.05	15,00,000	10	1,50,00,000
10	Ace Urban Infocity Limited (formerly L&T Infocity Limited)	6.42	11,54,736	10	1,15,47,360

11	Ramky Pharma City (India) Limited	11	19,80,000	10	1,98,00,000
12	Hyderabad Information Technology Venture Enterprises Limited	4.86	12,145	10	1,21,450
13	Cyberabad Trustee Company (P) Limited	4.86	2,429	10	24,290
14	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 (CSR)

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

APIIC Policy on CSR can be viewed at the weblink:https://www.apiic.in/wp-content/themes/custom-theme/assets/uploads/csr-policy.pdf

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 Auditors and Comptroller and Auditor General(C&AG)

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 2018-19 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.

Secretarial Standards

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the company.

Disclosure on Cost Records:

Pursuant to provisions of Section 134 of the Act read with Rule 8(5) of the Companies (Accounts) Rules, 2014 it is confirmed that maintenance of cost records as specified by the Central Government under sub- section (1) of section 148 of the Act, is required by the Company and accordingly such accounts and records are made and maintained.

Disclosure under Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013

At APIIC, all employees are of equal value. There is no discrimination between individuals at any point on the basis of race, colour, gender, religion, political opinion, national extraction, social origin, sexual orientation or age.

The company also has in place "Prevention of Sexual Harassment Policy". This Anti-Sexual Harassment policy of the Company is in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All the employees (Permanent, contractual, temporary and trainees) are covered under this policy.

The company has complied with provisions relating to the constitution of Internal Complaints Committee (ICC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment.

The following is a summary of sexual harassment complaints received and disposed of during the year:

No. of complaints received: 0
No. of complaints disposed of: NA
No. of complaints pending: 0

Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concerns status and Company's in future

The Company has not received any significant or material orders passed by any regulatory authority, court or tribunal which shall impact the going concern status and Company's operations in future.

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/-	Sd/-
Sri J.V.N.Subramanyam, IAS	Sri Mettu Govinda Reddy
VC& MD	Chairman
DIN: 07935156	DIN: 01216133

Place: Mangalagiri
Date: 31.12.2021

Annexure- A

Form No.MGT-9
Extract of Annual Return
as on the Financial Year ended on 31.03.2019

[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:-

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Shares held
1	Andhra Pradesh Gas Infrastructure Corporation Private Limited	U11100AP2009SGC107233	Subsidiary	51
2	Krishnapatnam International Leather Complex Private Limited	U19115TG2008SGC060643	Subsidiary	51
3	NICDIT Krishnapatnam Industrial City Development Limited	U45200AP2018PLC108963	Joint Venture	50

4	Visakhapatnam Industrial Water Supply Company Limited	U90009AP1999PLC032051	Joint Venture	49
5	Atchutapuram Effluent Treatment Limited	U41000AP2016PLC103829	Joint Venture	49
6	Ace Urban Hitech City Limited	U70102TG2007PLC053938	Associate	26
7	KP Agri Ware Housing Company Private Limited	U63023AP2014PTC093639	Associate	26
8	Andhra Pradesh Aerospace & Defence Electronics Park Private Limited	U45206AP2015PTC097806	Associate	26
9	Bhartiya International SEZ Limited	U74999DL2007PLC159827	Associate	11.05
10	Ramky Pharma City (India) Limited	U24239TG2004PLC042855	Associate	11
11	Ace Urban Infocity Limited	U72200TG1997PLC026885	Associate	6.42
12	Hyderabad Information Technology Venture Enterprises Limited	U72200TG1998PLC029282	Associate	4.86
13	Cyberabad Trustee Company Private Limited	U72200TG1999PTC033128	Associate	4.86
14	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**
	De mat	Physi cal	total	% of total shares	De mat	Physi cal	total	% of total shares	
A. PROMOTER									
1) INDIAN									
a) Individual/ HUF									
b) Central Govt.									
c) State Govt.(s)			95219	100			95219	100	Nil
d) Bodies Corp.									
e) Banks/FI									
f) Any other									
Sub-total(A)(1):-			95219	100			95219	100	Nil
2) FOREIGN									
a) NRIs-Individuals									

b) other-individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other									
Sub- total (A)(2):-			--	--			--	--	--
B. PUBLIC SHARE HOLDING									
1. INSTITUTIONS									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total(B)(1):-			--	--			--	--	--
2. NON-INSTITUTIONS									
a) Bodies Corp. (i) Indian (ii) Overseas									
b) Individuals i) Individual shareholders holding nominal share capital up to Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (3 Individuals holding on behalf of Govt. of A.P)			3				3		Nil
Sub-total(B)(2):-			3				3		Nil

Total Public Shareholding **(B)=(B)(1)+ (B)(2)**									
C. SHARES HELD BY CUSTODIAN FOR GDR'S & ADR'S									
GRAND TOTAL (A+B+C)			**95222**	**100**			**95222**	**100**	**Nil**

ii. Shareholding of Promoters:

S. No	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	**% of total shares of the company**	**No. of Shares**	**% of total shares of the company**
1	Governor of Andhra Pradesh	95219	100	95219	100
2	Sri T. Srinivasulu	1		1	
3	Sri S. Mustafa Sab	1		1	
4	Sri Durga Prasad Sahu	1		1	
	Total	**95222**		**95222**	**100**

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 2018-19.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2000.00	-	-	2000.00
ii) Interest due but not paid	0.54	-	-	0.54
iii) Interest accrued but not due	144.51	-	-	144.51
Total	2145.05	-	-	2145.05
Changes in Indebtedness during the financial year				
additions	-	-	-	-
Reductions	-	-	-	-
Net Changes	-	-	-	-
Indebtedness at the end of the				

financial year				
i) Principal Amount	2000.00	-	-	2000.00
ii) Interest due but not paid	9.63	-	-	9.63
iii) Interest accrued but not due	145.28	-	-	145.28
Total	2154.91	-	-	2154.91

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 J.V.N.Subramanyam, IAS
VC& MD
DIN: 07935156

Sd/-
Sri Mettu Govinda Reddy
Chairman
DIN: 01216133

Place: Mangalagiri
Date: 31.12.2021

Annexure-B

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 2019, which were not arm's length basis.

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

(Rs. In Crores)

S. No	Name of the Related Party	Relationship	Volume of Transaction during the Year	Outstanding as on 31.03.2019
1	AP Gas Infrastructure Corporation Private Limited	Subsidiary	0.61	1.82
2	Krishnapatnam International Leather Complex Private Limited	Subsidiary	4.86	26.91
3	Visakhapatnam Industrial Water Supply Company (Acc. Interest on Secured Loan)	Joint Venture	15.14	145.28
4	Atchutapuram Effluent Treatment Limited	Joint Venture	10.81	24.62
5	Atchutapuram Effluent Treatment Limited (Acc. Interest)	Joint Venture	1.14	1.39
Total			**32.56**	**200.02**

For and on behalf of the Board of APIIC Limited

Sd/-	**Sd/-**
Sri J.V.N.Subramanyam, IAS	**Sri Mettu Govinda Reddy**
VC& MD	**Chairman**
DIN: 07935156	**DIN: 01216133**

Place: Mangalagiri
Date: 31.12.2021

Annexure-C

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:

S. No	Name of the Director	Designation
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. 21,31,40,000/- (Rupees Twenty One Crores Thirty One Lakhs and Forty Thousand only)

Financial Year	Net Profit for Computation of CSR (Amount in Rs.)
2015-16	21,64,13,000
2016-17	42,30,07,000
2017-18	-
Total	**63,94,20,000**

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. 42,62,800/- (Rupees Forty Two Lakhs Sixty Two Thousand Eight hundred only).

5. Details of CSR spent during the financial year 2018-19.

a) Total amount to be spent for the financial year: Rs. 42,62,800/-

During the Financial Year, the Company allocated CSR Expenditure Rs.55,32,600/-

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 (1 No.), Anganvadi School (2 N0's), Elementary School Building-6 Rooms (1 No.), Upper Primary School Building-8 Rooms (1 No.) and Community Halls (2 No's) at R & R Colony, Veduruwada, Atchutapuram Mandal.	80,707.00
2	Construction of Rythu Bazaar, Anganvadi School (5 No's) at Dibbapalem SEZ, R & R Colony.	9,410.00
3	Construction of Balance Works at Elementary School Building and Kalyanamandapam including TOILETS and Compound wall at SEZ, R&R Colony, Dibbapalem.	1,02,320.00
4	Construction of waiting room & cremation shelter in Burial Ground construction of compound wall for existing open tank for development of park and earth filling low lying area of play ground at R&R Colony, Dibbapalem, Atchutapuram.	53,40,163.00
	Total	**55,32,600.00**

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/-	**Sd/-**
Sri J.V.N.Subramanyam, IAS	**Sri Mettu Govinda Reddy**
VC& MD	**Chairman**
DIN: 07935156	**DIN: 01216133**

Place: Mangalagiri
Date: 31.12.2021

ANNEXURE-D (a)

Replies to the observations of the statutory auditor on the standalone financial statements

<table>
<tr><th>Sl. No.</th><th>Observation of the Statutory Auditor</th><th>Reply of the Company</th></tr>
<tr><td>1</td><td> 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) </td><td> The paid up share capital of the company was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 9.52 crores w.e.f. 02.06.2014. The paid up share capital account is under reconciliation with the advances section of o/o Principal Accountant General. The matter is under persuasion O/o P&AG for rectification. </td></tr>
<tr><td>2</td><td> Other Equity: Capital Reserve: Current Year Rs.7.58 Crores (Previous Year Rs.7.58 Crores) An amount of Rs.7.58 Crores received from the Government of Andhra Pradesh as Share Capital vide G.O Nos 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999 and 224 dated 28.05.2002 pending for many years is classified as Capital Reserve. In our opinion, this needs to be classified as share capital pending allotment (Refer to Statement of changes in consolidated equity) </td><td> The Capital Reserve as per the books of accounts of the company as on 01.06.2014 was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 7.58 crores w.e.f. 02.06.2014. The capital reserve amount pertains the EPIP Grant which was sanctioned to the Company as Investment in APIIC by the Government. Later, the company was directed to treat it as a Grant in the Inter Ministerial Steering Committee meeting held on 4th& 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 the Principal Accountant General. </td></tr>
<tr><td>3</td><td> Deposits Received from Allottees: Current year Rs.1370.02 Crores (Previous Year Rs. 1177.91Crores) This includes unreconciled amounts with Head office and Zonal offices which are yet to be reconciled (Refer Note No: 17) <table><tr><td>Sl. No.</td><td>Name of the Zone</td><td>Rs. in crores</td></tr><tr><td>1</td><td>Head Office</td><td>21.92</td></tr><tr><td>2</td><td>Vijayawada</td><td>12.90</td></tr><tr><td>3</td><td>Kakinada</td><td>0.12</td></tr><tr><td colspan="2">TOTAL</td><td>34.94</td></tr></table></td><td> 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. </td></tr>
</table>

4	**Provision for contractual obligations: Current year – Rs. 674.00 Crores (Previous Year – Rs 644.25 Crores)** **Adequacy of Provision:** As per the information and explanations given to us, the Corporation after reviewing various pending contractual obligations at the year-end estimated the provision against contractual obligations as Rs.674.00 Crores (Previous Year Rs. 644.25 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 Corporation (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.	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. As the provision for Contractual Obligations is reviewed on yearly basis, the same was disclosed under Short Term Provisions.
5	**Inventory Rs. 3636.03 Crores (Previous Year Rs. 3363.78 Crores):** Due to non- reconciliation of the deposits and its impact on revenue as per Comment No. c above, we are not in a position to quantify the impact on inventory and not in a position to confirm the value of the inventory (Refer Note No: 7)	The inventory is being reviewed from time to time and reflected in the financial statements accordingly. There is no impact on the inventory due to reconciliation of the deposits.
6	***Non Conformity of Indian Accounting Standards 115*** ***Revenue Recognition–Sale of Land, Sheds etc. Rs. 306.17 Crores (Previous Year Rs. 413.99 Crores): (Refer Accounting Policy No. 2.10)*** Under Ind AS 115, Revenue Income Recognition is on Five Step Model as gisted hereunder: 1: Identify the contracts with the customers An entity shall account for a contract with a customer only when all of the following criteria are met - -the contract is approved and parties are committed to perform their respective obligation, -entity can identify each party's rights regarding the goods or services to be transferred, -entity can identify the payment terms for the goods or services to be transferred, -the contract has commercial substance, -it is probable that the entity will collect the consideration to which it will be entitled in	

	exchange for the goods or services that will be transferred to the customer. 2: Identifying separate performance obligations Identify as a Performance obligation being a promise to transfer to a customer - - A good or service (or bundle of goods or services) that is distinct or - A series of goods or services that are substantially the same and are transferred in the same way - If a promise to transfer a good or service is not distinct from other goods & services in a contract, then the goods or services are combined into a single performance obligation. Satisfaction of performance obligations - An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. 3: Determine the Transaction Price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. - The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both. - For the purpose of determining transaction price, an entity shall assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified. 4: Allocate the transaction price to the performance obligations The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation (or distinct goods or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for	

	transferring the promised goods or services to the customer. Allocation of transaction price can be done proportionately based on stand-alone selling prices. The stand-alone selling price is the price at which an entity would sell a promised good or service separately to a customer 5: Revenue Recognition when performance obligations are satisfied - Performance obligation is satisfied over time or at a point in time. - Performance obligation is satisfied over time if one of the criteria is met out of three: The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. - Based on above the Revenue Recognition for a performance obligation is done over time if one of the criteria is met out of three else Revenue Recognition for a performance obligation is done at a point in time. **Satisfaction of performance obligations:** An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For each performance obligation identified, determine at contract inception whether it satisfies the performance obligation over time or at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. Revenue is to be recognized basis the Steps indicated in the Ind AS 115. Corporation recognized the Revenue upon entering into Agreement of sale with the Allottees on receipt	

	of full consideration, without identifying performance obligations in the contracts with the Allottees and without allocating the transaction price to the performance obligations and without testing for the satisfaction of identified performance obligations for the transferring of the promised good or service to Allottees. As the Corporation has not identified for each of the performance obligation, and has not determined at contract inception whether it satisfies the performance obligation over time or at a point in time and has not arrived at the conclusion for the test as to if the Corporation does or does not satisfy a performance obligation over time, and has not arrived at conclusion about for if the performance obligation is not satisfied over time, than the same will be satisfied at a point in time, and in the light of the foregoing, the corporation has not adhered to Ind As-115 "Revenue From Contracts With Customers" while adapting the Revenue recognition policy. Hence 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.	The revenue from sale of land is recognized as per IND AS 115 from the F.Y. 2020-21.
7	**Treatment of transactions pertaining to Industrial Area Local Authority:** As per the information and explanation given to us, the guidelines for the functioning of Industrial Area Local Authorities(IALAs) states that IALAs will be exercising the functions of a Municipal Corporation/ Municipality/ Gram Panchayat with a condition that 35% or 50% of property tax collected is remitted to the parent local body. Zonal manager is responsible for proper reconciliation and accounting of the revenues generated by IALA and the expenditure incurred. Accordingly, IALAs are preparing their Income and Expenditure accounts separately. Further, a reference is invited to Note No: 27 of the financial statements, wherein it was stated that "The Government of Andhra Pradesh entrusted certain Local Authority powers to the Company like collection of Property Tax, maintenance of Common facilities in respect of certain Industrial Parks and Industrial Development Areas. The local authority powers are vested with APIIC Industrial Area Local Authority (IALA) for each industrial area and	

	the income and expenditure in this regard is being accounted for in the books of accounts maintained by the respective IALAs and hence not accounted for in the accounts of the Company". Further as per the information and explanation given to us, the assets and liabilities, profit or losses of IALAs have not been brought into the books of accounts and by not clubbing/consolidating these transactions: i) The Assets and Liabilities of the Corporation has been understated. ii) The profit or loss of the corporation has been understated. iii) 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 tantamount to non-compliance of Ind AS - 115: Revenue Recognition. (Refer Note No: 26)	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.

For and on behalf of the Board of APIIC Limited

Sd/-
Sri J.V.N.Subramanyam, IAS
VC& MD
DIN: 07935156

Sd/-
Sri Mettu Govinda Reddy
Chairman
DIN: 01216133

Place: Mangalagiri
Date: 31.12.2021

<table>
<tr><th colspan="3"><u>ANNEXURE-D (b)</u>
Replies to the observations of the statutory auditor on the consolidated financial statements</th></tr>
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The paid up share capital account is under reconciliation with the advances section of o/o Principal Accountant General. The matter is under persuasion O/o P&AG for rectification.</td></tr>
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For and on behalf of the Board of APIIC Limited

Sd/-	**Sd/-**
Sri J.V.N.Subramanyam, IAS	**Sri Mettu Govinda Reddy**
VC& MD	**Chairman**
DIN: 07935156	**DIN: 01216133**

Place: Mangalagiri
Date: 31.12.2021

ANNEXURE-D (c)

Replies to the Final comments on the Standalone Financial Statements for FY 2018-19

Sl. No.	Comment	Reply of the Management
1	**Balance Sheet** **Other Non Current Liabilities (Note 15)** **Land Conversion Charges : ₹ 262.93 Crore** Government of Andhra Pradesh amended the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 vide Act No.13 of 2018 which came into force from 01.02.2018. As per Section 7(g) of the amended Act, exemption from the provisions of the act 2006 was extended to lands allotted to the Company (APIIC) from only 01.02.2018 and there was no provision for retrospective exemption. Instead of recognizing liability payable to GoAP towards conversion charges for those lands allotted to the company upto 01.02.2018, the company disclosed contingent liability of ₹ 552.41 crores as on 31.03.2019 for the period upto 2014-15. Further, liability for the years 2015-16, 2016-17 and 2017-18 works out to minimum of ₹ 30.93 crores was not provided for. This resulted in understatement of 'Other Non-Current Liabilities' and inventories by minimum of Rs. 583.34 Crore each and overstatement of 'Contingent Liabilities' by ₹ 552.41 crore.	The Government of Andhra Pradesh have amended section 7 of A P Agricultural Land (Conversion for non-agricultural purpose) Act, 2006 duly incorporating that the act shall not be applicable to the lands allotted to APIIC. The gazette notification was issued w.e.f 01.02.2018. In this regard, a letter was addressed by the company to the Government of Andhra Pradesh requesting for considering the exemption of conversion charges for the lands allotted prior to 01.02.2018 also. The Government orders in this regard are still awaited. No further liability/ contingent liability was provided by the company for the years 2015-16, 2016-17 and 2017-18 as the company has requested the Government for giving exemption and the Government is also in a positive view for exemption of the same in respect of lands allotted to APIIC prior to 01.02.2018 also. 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. Also no demands are received from the Revenue Department, GoAP towards conversion charges for the years 2015-16, 2016-17 and 2017-18. 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 provided in the financial statements upto the F.Y. 2018-19. Hence, no further provision is made in the books of accounts for the F.Y. 2018-19.

2	**Comments on Disclosures** **Notes to the Financal Statements** **Investments (Note – 5.1)** Reference is invited to disclosure under Note No. 5.1 to the Financial Statements' wherein the investments regarding company's investment in equity shares of other companies. However certificates in respect of investments in three companies viz., Hyderabad Information Technology Venture Enterprises Ltd., Cyberabad Trustee Company (P) Ltd., Cyberabad Trustee Company (P) Ltd. – HIVE Fund were not available. Thus, audit could not ascertain the correctness of the company's investment of Rs. 1.12 Crore shown against the companies.	The original share certificates were surrendered to the companies for issue of fresh share certificates as some of the shares were sold by APIIC Ltd., in earlier years. The new share certificates are yet to be received from the concerned companies. However, the company has furnished confirmation of investments held by the corporation in respect of HITVEL, CTCPL and CTCPL HIVE Fund. Hence, the investment in the three companies is correct and exhibited accordingly.
3	**Comments on the Independent Auditors Report** As per Item no. 2(B)(g) of Independent Auditor's Report Assets and Liabilities and Profits or Losses pertaining to **Industrial Area Local Authority (IALA) were not** brought into the books of accounts and they were not in a position to quantify the impact due to failure on the part of the management to provide the necessary information. Further, not clubbing the income of IALAs would tantamount to non-compliance of Ind AS- 18: (Revenue Recognition) (Refer Note No: 26). However, the qualification in the Auditors report is not correct in the context of IALA's nature of transactions explained in Note 26 of Financial Statements and in view of the fact that IND AS 18 was withdrawn from 1st April 2018.	The audit comment is self explanatory

For and on behalf of the Board of APIIC Limited

Sd/- **Sri J.V.N.Subramanyam, IAS** **VC& MD** **DIN: 07935156**	**Sd/-** **Sri Mettu Govinda Reddy** **Chairman** **DIN: 01216133**

Place: Mangalagiri
Date: 31.12.2021

ANNEXURE-D (d)

Replies to the Final comments on the Consolidated Financial Statements for FY 2018-19

Sl. No.	Comment	Reply of the Management
1	**Balance Sheet** **Other Non Current Liabilities (Note 15)** **Land Conversion Charges : ₹ 262.93 Crore** Government of Andhra Pradesh amended the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 vide Act No.13 of 2018 which came into force from 01.02.2018. As per Section 7(g) of the amended Act, exemption from the provisions of the act 2006 was extended to lands allotted to the Company (APIIC) from only 01.02.2018 and there was no provision for retrospective exemption. Instead of recognizing liability payable to GoAP towards conversion charges for those lands allotted to the company upto 01.02.2018, the company disclosed contingent liability of ₹ 552.41 crores as on 31.03.2019 for the period upto 2014-15. Further, liability for the years 2015-16, 2016-17 and 2017-18 works out to minimum of ₹ 30.93 crores was not provided for. This resulted in understatement of 'Other Non-Current Liabilities' and inventories by minimum of Rs. 583.34 Crore each and overstatement of 'Contingent Liabilities' by ₹ 552.41 crore.	The Government of Andhra Pradesh have amended section 7 of A P Agricultural Land (Conversion for non-agricultural purpose) Act, 2006 duly incorporating that the act shall not be applicable to the lands allotted to APIIC. The gazette notification was issued w.e.f 01.02.2018. In this regard, a letter was addressed by the company to the Government of Andhra Pradesh requesting for considering the exemption of conversion charges for the lands allotted prior to 01.02.2018 also. The Government orders in this regard are still awaited. No further liability/ contingent liability was provided by the company for the years 2015-16, 2016-17 and 2017-18 as the company has requested the Government for giving exemption and the Government is also in a positive view for exemption of the same in respect of lands allotted to APIIC prior to 01.02.2018 also. 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. Also no demands are received from the Revenue Department, GoAP towards conversion charges for the years 2015-16, 2016-17 and 2017-18. 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 provided in the financial statements upto the F.Y. 2018-19. Hence, no further provision is made in the

		books of accounts for the F.Y. 2018-19.
2	**Comments on Disclosures** **Notes to the Financal Statements** **Investments (Note – 5.1)** Reference is invited to disclosure under Note No. 5.1 to the Financial Statements' wherein the investments regarding company's investment in equity shares of other companies. However certificates in respect of investments in three companies viz., Hyderabad Information Technology Venture Enterprises Ltd., Cyberabad Trustee Company (P) Ltd., Cyberabad Trustee Company (P) Ltd. – HIVE Fund were not available. Thus, audit could not ascertain the correctness of the company's investment of Rs. 1.12 Crore shown against the companies.	The original share certificates were surrendered to the companies for issue of fresh share certificates as some of the shares were sold by APIIC Ltd., in earlier years. The new share certificates are yet to be received from the concerned companies. However, the company has furnished confirmation of investments held by the corporation in respect of HITVEL, CTCPL and CTCPL HIVE Fund. Hence, the investment in the three companies is correct and exhibited accordingly.
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For and on behalf of the Board of APIIC Limited

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Sri J.V.N.Subramanyam, IAS
VC& MD
DIN: 07935156

Sd/-
Sri Mettu Govinda Reddy
Chairman
DIN: 01216133

Place: Mangalagiri
Date: 31.12.2021

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH 2019

(Rs.in Crores)

	Particulars	Note No.	Figures as at (31.03.2019)	Figures as at 31.03.2018
	ASSETS			
(1)	Non-Current Assets			
a	Property, Plant and Equipment	3.1.3	250.02	223.78
b	Capital Work in Progress	4.1	39.21	95.84
c	Investment Property	4.2.3	94.82	31.93
d	**Financial Assets**			
	(I) Investments	5.1	59.21	52.24
	(ii) Loans	5.2	448.02	198.96
	(iii) Others	5.3	61.91	37.77
e	**Other Non-Current Assets**			
	(i) Non-Current Tax Assets (Net)	6.1	4.91	4.91
	(ii) Other Non-Current Assets	6.2	676.75	669.08
	Non - Current Assets - Total		1,634.85	1,314.51
(2)	**Current Assets**			
a	**Inventories**	7	3,636.03	3,363.78
b	**Financial Assets**			
	(i) Trade Receivables	8.1	63.44	50.87
	(ii) Cash and Cash Equivalents	8.2	2,160.59	1,977.70
	(iii) Loans	8.3	2.23	59.35
	(iv) Others	8.4	6.86	34.38
c	**Other Current Assets**	9	18.88	12.45
(3)	**AP Reorganisation Adjustment Account**	10	225.62	225.62
	Current Assets - Total		6,113.65	5,724.15
	Total Assets		7,748.50	7,038.66
	EQUITY AND LIABILITIES			
(1)	**Equity**			
	Equity Share Capital	11	9.52	9.52
	Other Equity		382.71	363.22
	Equity - Total		392.23	372.74
	LIABILITIES			
(2)	**Non-Current Liabilities**			
a	**Financial Liabilities**			
	(I) Borrowings	12.1	2.145.28	2.144.51
	(ii) Other Financial Liabilities	12.2	1.190.71	754.45
b	**Provisions**	13	9.54	10.54
c	**Deferred tax liabilities (Net)**	14	2.52	0.36
d	**Other Non-Current Liabilities**	15	1.790,54	1,771.94
	Non-Current Liabilities Total		5.138.59	4.681.80
(3)	**Current Liabilities**			
a	**Financial Liabilities**			
	(I) Borrowings	16.1	9.63	0.34
	(ii) Trade Payables	16.2	30.02	0.07
	(iii) Other Financial Liabilities	16.3	75.69	113.89
b	Other Current Liabilities	17	1.411.92	1.220.24
c	Provisions	18	690,42	649.58
	Current Liabilities - Total		2.217.68	1.984.12
(4)	**Accounting Policies**	2		
	Total Equity and Liabilities		7.748.50	7,038.66

AS PER OUR REPORT DATED 12.06.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

FOR AND ON BEHALF OF THE BOARD

Sd/-
POLINENI BALA SRINIVAS
PARTNER
M. NO.: 028536

Sd/-
R KARIKAL VALAVEN, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
R K ROJA
CHAIRPERSON

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

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

PLACE : MANGALAGIRI
DATE : 12.06.2020

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2019

(Rs.in Crores)

	Particulars	Note No.	Current Year (2018-19)	Previous Year (2017-18)
I	Revenue from operations	19	375.17	475.97
II	Other Income	20	61.71	50.77
III	**Total Revenue (I + II)**		**436.88**	**526.74**
IV	**Expenses**			
a	Cost of Sales	21	237.88	344.96
b	Employee Benefits expense	22	37.94	34.50
c	Finance Costs	23	53.23	17.30
d	Depreciation and amortization expense		3.92	3.64
e	Other expenses	24	68.66	128.23
	Total Expenses		**401.63**	**528.63**
V	**Profit/(Loss) before Exceptional items and tax (III - IV)**		35.25	(1.89)
VI	Exceptional items		0.00	0.00
VII	**Profit/(Loss) before tax (V - VI)**		35.25	(1.89)
VIII	**Tax expense:**			
	(1) Current Tax - Current Year		11.66	0.64
	- Previous Years		0.00	(0.34)
	(2) Deffered Tax - Current Year		2.15	0.22
IX	**Profit/ (Loss) for the period (VII - VIII)**		**21.44**	**(2.41)**
X	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to Profit/(Loss) Employee Cost - Acturial gain/(loss)		0.00	0.00
	Tax expense:			
	(1) Current Tax		0.00	0.00
	(2) Deffered Tax - Current Year		0.00	0.00
XI	**Total Comprehensive Income/ (Loss) for the year**		**21.44**	**(2.41)**
XII	Earning per equity share (in Rupees):			
	'- Basic & Diluted		**2,252**	**0**
	(Face value of ₹ 1000/- per Share)			

See Accompanying notes to the financial statements

AS PER OUR REPORT DATED 12.06.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

Sd/-
POLINENI BALA SRINIVAS
PARTNER
M. NO.: 028536

PLACE : MANGALAGIRI
DATE : 12.06.2020

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CHIEF GENERAL MANAGER (F)i/c

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2019

(Rs.in Crores)

Details	Share Capital	Other Equity				
		Reserves and Surplus			Other items of other comprehensive income (Employee cost - Acturial gain (loss)	Total
	Equity shares of Rs.1,000/- each fully paid	Capital Reserve	General Reserve	Retained Earnings		
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
Balance at the end of the reporting year 2017-18	**9.52**	**7.58**	**0.00**	**355.64**	**0.00**	**363.22**
Balance as at the beginning of the year 2018-19	9.52	7.58	0.00	355.64	0.00	363.22
Changes in accounting policy or prior period errors	0.00	0.00	0.00	(1.92)	0.00	(1.92)
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	21.44	0.00	21.44
Any other changes	0.00	0.00	0.00	(0.03)	0.00	(0.03)
Balance at the end of the reporting year 2018-19	**9.52**	**7.58**	**0.00**	**375.13**	**0.00**	**382.71**

AS PER OUR REPORT DATED 12.06.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

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COMPANY SECRETARY

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

PLACE: MANGALAGIRI
DATE : 12.06.2020

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 programmers, to provide and develop infrastructure facilities and other services of any description in order to promote and assist the rapid and orderly establishment, growth and development of industries and commerce in the State of Andhra Pradesh.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

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

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

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

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

These Financial Statements are approved for issue by the Board of Directors of the company on 12.06.2020

2.1 Basis of preparation of Financial Statements

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

2.2 Use of Estimates:

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

Significant Accounting Policies:

2.3 Plant, Property and Equipment:

Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment if any. Historical cost includes purchase price and all attributable costs (freight and non refundable duties and taxes) for bringing the asset to working condition for intended use. 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 assests whose value <=Rs.5000/- are charged to Profit & Loss Account.

Property held to earn rentals or for capital appreciation in which portions could be sold seperately are accounted for as investment property or tangible asset as the case may be. If the portions could not be sold seperately 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 asets 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 conmpany 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 transcation 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-recognises 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 detemining 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, availble 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 compay has present legal or constructive obligation that is reasonably estimatable, and is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

2.10 Income Recognition

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 acturial 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 acturial 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 prodution 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 duing 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

Deffered 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 liablilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transacion 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 furture taxable profits or reversal of deffered 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.

Defferred 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 estimatation 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 cosidered to be relavant. 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 significiant effect on the amounts recognised in the financial statements

Contingencies and commitments

In the normal course of business, contigent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystalising 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 financilal 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 2018-19

BALANCE SHEET:

NON-CURRENT ASSETS

3.1 TANGIBLE ASSETS

3.1.1 GROSS BLOCK AT COST

(Rs.in Crores)

PARTICULARS	As at 31st March, 2018	Additions during the year	Deductions during the year	As at 31st March, 2019
LAND including Land Development	0.06	0.00	0.00	0.06
BUILDINGS	2.93	31.32	0.00	34.25
REFRIGERATORS, ACs AND AIR COOLERS	0.14	0.00	0.00	0.14
FURNITURE AND FIXTURES	0.79	4.21	0.00	5.00
OFFICE EQUIPMENT	0.63	0.11	0.00	0.74
VEHICLES	1.51	0.00	0.00	1.51
ELECTRICAL EQUIPMENT	0.30	0.01	0.00	0.31
DRAWING EQUIPMENT	0.01	0.00	0.00	0.01
COMPUTER	3.42	3.62	0.00	7.04
QUALITY CONTROL EQUIPMENT	0.00	0.00	0.00	0.00
LAND - SEZ	149.45	0.00	10.55	138.90
LAND DEVELOPMENT - SEZ	45.92	1.62	0.48	47.06
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	3.28	62.21
SOLAR POWER PLANT	12.64	0.00	0.00	12.64
CURRENT YEAR	**308.71**	**40.89**	**14.31**	**335.29**
PREVIOUS YEAR	**411.95**	**0.26**	**103.50**	**308.71**

3.1.2 DEPRECIATION BLOCK

(Rs.in Crores)

PARTICULARS	As at 31st March, 2018	Additions during the year	Deductions during the year	As at 31st March, 2019
BUILDINGS	0.79	0.12	0.00	0.91
REFRIGERATORS, ACs AND AIR COOLERS	0.11	0.01	0.00	0.12
FURNITURE AND FIXTURES	0.45	0.37	0.00	0.82
OFFICE EQUIPMENT	0.48	0.05	0.00	0.53
VEHICLES	0.88	0.17	0.00	1.05
ELECTRICAL EQUIPMENT	0.17	0.03	0.00	0.20
DRAWING EQUIPMENT	0.01	0.00	0.00	0.01
COMPUTER	2.36	0.91	0.00	3.27
QUALITY CONTROL EQUIPMENT	0.00	0.00	0.00	0.00
BUILDING - SEZ	0.01	0.00	0.00	0.01
WATER SUPPLY - SEZ	4.92	0.70	0.00	5.62
SEWERAGE - SEZ	2.39	0.33	0.00	2.72
EXTERNAL ELECTRIFICATION - SEZ	3.79	0.46	0.00	4.25
ROADS AND BRIDGES - SEZ	65.49	0.00	3.28	62.21
SOLAR POWER PLANT	3.08	0.47	0.00	3.55
CURRENT YEAR	**84.93**	**3.62**	**3.28**	**85.27**
PREVIOUS YEAR	**81.45**	**3.48**	**0.00**	**84.93**

3.1.3 NET BLOCK (Rs.in Crores)

PARTICULARS	As at 31st March, 2019	As at 31st March, 2018
LAND including Land Development	0.06	0.06
BUILDINGS	33.34	2.14
REFRIGERATORS, ACs AND AIR COOLERS	0.02	0.03
FURNITURE AND FIXTURES	4.18	0.34
OFFICE EQUIPMENT	0.21	0.15
VEHICLES	0.46	0.63
ELECTRICAL EQUIPMENT	0.11	0.13
DRAWING EQUIPMENT	0.00	0.00
COMPUTER	3.77	1.06
LAND - SEZ	138.90	149.45
LAND DEVELOPMENT - SEZ	47.06	45.92
BUILDING - SEZ	0.05	0.05
WATER SUPPLY - SEZ	4.42	5.12
SEWERAGE - SEZ	7.57	7.90
EXTERNAL ELECTRIFICATION - SEZ	0.78	1.24
ROADS AND BRIDGES - SEZ	0.00	0.00
SOLAR POWER PLANT	9.09	9.56
CURRENT YEAR	**250.02**	**223.78**
PREVIOUS YEAR	**223.78**	**330.50**

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 fomalities 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.3.82 crores (Previous Year: Rs.3.63 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 Entreprenuers 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 impairement of Fixed Assets during the year

4.1 CAPITAL WORK IN PROGRESS	**(Rs.in Crores)** As at 31-3-2019	**(Rs. in Crores)** As at 31-3-2018
Construction of Incubation Centres etc.		
As per last Balance Sheet	95.84	72.50
Add: Additions during the period	44.32	23.34
Less: Adjustment against Grant/ Capitalisation	100.95	0.00
TOTAL	**39.21**	**95.84**

4.2 INVESTMENT PROPERTY

4.2.1 GROSS BLOCK AT COST

(Rs.in Crores)

PARTICULARS	As at 31st March, 2018	Additions during the year	Deductions during the year	As at 31st March, 2019
LAND	22.23	0.56	0.00	22.79
BUILDINGS	10.33	62.63	0.00	72.96
CURRENT YEAR	**32.56**	**63.19**	**0.00**	**95.75**
PREVIOUS YEAR	**32.56**	**0.00**	**0.00**	**32.56**

4.2.2 DEPRECIATION BLOCK

(Rs.in Crores)

PARTICULARS	As at 31st March, 2018	Additions during the year	Deductions during the year	As at 31st March, 2019
BUILDINGS	0.63	0.30	0.00	0.93
CURRENT YEAR	**0.63**	**0.30**	**0.00**	**0.93**
PREVIOUS YEAR	**0.46**	**0.17**	**0.00**	**0.63**

4.2.3 NET BLOCK

(Rs.in Crores)

PARTICULARS	As at 31st March, 2019	As at 31st March, 2018
LAND	22.79	22.23
BUILDINGS	72.03	9.70
CURRENT YEAR	**94.82**	**31.93**
PREVIOUS YEAR	**31.93**	**32.10**

Land and Buildings held by the company for allotment on Lease/ Rental basis other than SEZs and in respect of those in which insignificant portion is held for administrative purpose are treated as investment property.

5 **FINANCIAL ASSETS (NON - CURRENT ASSETS)** 5.1 **INVESTMENTS** A ***INVESTMENTS IN EQUITY INSTRUMENTS***	**% of Holding**	**(Rs.in Crores)** As at 31-3-2019	**(Rs. in Crores)** As at 31-3-2018
INVESTMENTS IN SUBSIDIARY COMPANIES			
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
II 51,000 equity shares of Rs. 10/- each fully paid-up in Krishnapatnam International Leather Complex Pvt. Ltd.	51	1.80	1.80
INVESTMENTS IN JOINT VENTURES			
III 25,00,000 equity shares of Rs.10/- each fully paid-up in NICDIT Krishnapatnam Industrial City Development Limited	50	2.50	0.00
IV 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
V 1,16,59,790 equity shares of Rs.10/- each fully paid-up in Atchutapuram Effluent Treatment Limited (P.Y - 72,20,966 equity shares of Rs.10/- each)	49	11.66	7.22
INVESTMENTS IN ASSOCIATE COMPANIES			
VI 52,00,000 equity shares of Rs.10/- each fully paid up in Ace Urban Hitech City Limited	26	5.20	5.20

		% of Holding	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
VII	26,000 equity shares of Rs.10/- each fully paid up in KP Agri Ware Housing Company Private Limited	26	0.03	0.00
VIII	1,30,00,000 equity shares of Rs.10/- each fully paid up in Andhra Pradesh Aerospace & Defence Electronics Park Private Limited	26	13.00	0.00
	INVESTMENTS IN RELATED PARTY COMPANIES			
IX	15,00,000 equity shares of Rs.10/- each full pad-up in Bharatiya International SEZ Ltd	11.05	1.50	1.50
X	19,80,000 equity shares of Rs.10/- each fully paid-up in Ramky Pharma City (India) Ltd	11	1.98	1.98
XI	17,32,104 equity shares of Rs.10/- each fully paid-up in Ace Urban Infocity Limited (includes 5,77,368 Bonus shares issued on May 12, 2003)	6.42	1.15	1.15
XII	12,145 equity shares of Rs.10/- each fully paid-up in Hyderabad Information Technology Venture Enterprises Ltd	4.86	0.01	0.01
XIII	2,429 equity shares of Rs.10/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (Rs. 24,290/-)	4.86	0.00	0.00
XIV	44,000 equity shares of Rs.10/- each fully paid-up in Vizag IT Park Ltd	0.49	0.04	0.04
B	***OTHER INVESTMENTS***			
I	449 Units of Rs.25,000/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (HIVE FUND)		1.12	1.12
			64.74	**44.77**
	Add: Deposit towards share application money			
	A.P Aerospace & Defence Electronics Park P Ltd		0.00	13.00
	Bhagyanagar Gas Ltd		2.39	2.39
			67.13	**60.16**
	Less: Provision for impairment of investments			
	A P Gas Infrastructure Corporation Limited		2.72	2.72
	Ace Urban Hitech City Limited		5.20	5.20
	TOTAL		**59.21**	**52.24**

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 Infrastucture Corporation (P) Ltd upto the end of the previous year.

An amount of Rs. 24.45 crores was written off in the books of accounts duly retaining Rs. 2.72 crores (i.e., 10% equity contribution of 2,71,66,000 equity shares @ Rs. 10/- each) in the earlier years towards investment in APGIC as the subsidiary company had incurring losses continuously. Further, an amount of Rs.2.72 crores was provided towards imparment of investments during the previous year as the subsidiary has incurred further losses. In addition, an amount of Rs.1.24 crores released to APGIC for day to day expenses was provided as Bad Debts during the previous 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 as at the end of the year (Previous Year 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.11.66 crores (P.Y - 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 Equity Shares 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 towards 26% share was invested in the SPV as per the orders of Government of Andhra Pradesh vide G.O Ms. No.76, dated 14.09.2015 of Industries and Commerce (Infra) Department during the previous year. Accordingly, 1,30,00,000 equity shares of Rs.10/- each were allotted to the company during the year.

5.1.6 Investments in NICDIT Krishnapatnam Industrial City Development Limited

The company has invested an amount of Rs.2.50 crore towards 50% share in the SPV as per the orders of Governement of Andhra Pradesh vide G.O RT No.133, dated 07.05.2018 of Industries and Commerce (Infra) Department.

5.1.7 Investments in KP Agri Ware Housing Company Private Limited

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

5.1.8 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 and the same is being continued and retained in the books of accounts of the company upto the end of the year.

5.1.9 Investments transferred to TSIIC Limited :

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

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

Name of the Company	% of Holding	Amount (Rs. In crores)	Basis of allocation
1. Fab City SPV India Pvt Limited	89	0.01	Location
2. E City manufacturing Cluster Limited	100	0.01	Location
3. Maheswaram Science Park Limited	100	0.01	Location
4. Cyberabad Convention Centre Pvt Limited	26	38.48	Location
5. Boulderhills Leisure Pvt Limited	26	19.75	Location
6. Emmar Hills Township Pvt Limited	26	25.03	Location
7. K Raheja IT Park Limited	11	2.20	Location
8. Intime Properties Pvt Limited	11	0.14	Location
9. Sundew Properties 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) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
5.2 LOANS		
Secured and Considered Good:		
Loans & Advances to related Parties	145.28	144.51
Advances to Staff	1.73	1.30
sub-total	**147.01**	**145.81**

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
Unsecured and Considered Good:		
Loans & Advances to related Parties	47.22	49.61
Advances to Staff	0.07	0.07
Other Loans & Advances	253.72	3.47
sub-total	**301.01**	**53.15**
TOTAL	**448.02**	**198.96**

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 31.03.2019	AMOUNTS WRITTEN OFF/ WRITTEN BACK
1. AP Gas Infrastructure Corporation Pvt Limited	Subsidiary	0.61	1.82	0.00
2. Krishnapatnam International Leather Complex P Ltd	Subsidiary	4.86	26.91	0.00
3. Visakhapatnam Industrial Water Supply Company (Acc. Interest on Secured Loan)	Joint Venture	15.14	145.28	0.00
4. Atchutapuram Effluent Treatment Limited	Joint Venture	10.81	24.62	0.00
5. Atchutapuram Effluent Treatment Limited (Acc. Interest)	Joint Venture	1.14	1.39	0.00
TOTAL		**32.56**	**200.02**	**0.00**

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 31-3-2019	(Rs. in Crores) As at 31-3-2018
5.3 OTHERS		
Securities against Guarantees	0.20	0.20
Accrued int. on Fixed Deposits	0.04	0.03
Others	61.67	37.54
TOTAL	**61.91**	**37.77**
6 <u>OTHER NON - CURRENT ASSETS</u>		
6.1 CURRENT TAX ASSETS (NET)	**4.91**	**4.91**
6.2 OTHER NON - CURRENT ASSETS		
Taxes paid under protest	47.99	47.59
Security Deposits (Unsecured)	0.47	0.46
Deposit towards Land Acquisition	621.06	611.59
Others	7.23	9.44
TOTAL	**676.75**	**669.08**
<u>CURRENT ASSETS</u>		
7 INVENTORIES		
(As certified by the management)		
Construction materials	0.44	0.44
Stock in trade - Land	3,224.27	2,820.21
Stock in Trade - Development	146.85	142.74
sub-total	**3,371.56**	**2,963.39**
Work - in progress	264.47	400.39
TOTAL	**3,636.03**	**3,363.78**

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**

	(Rs.in Crores)	(Rs. in Crores)
8 FINANCIAL ASSETS		
8.1 TRADE RECEIVABLES	As at 31-3-2019	As at 31-3-2018
(Unsecured and Considered Good)		
Debts exceeding 12 months	60.88	52.06
Other debts	9.98	8.01
	70.86	60.07
Less: Provision for doubtful debts	7.42	9.20
TOTAL	**63.44**	**50.87**

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)	(Rs. in Crores)
8.2 CASH AND BANK BALANCES	As at 31-3-2019	As at 31-3-2018
I) CASH AND CASH EQUIVALENTS		
Balance in Bank Accounts	62.29	27.73
Balance with Banks - Estates	0.66	2.53
Cash in Transit	0.00	0.44
Bank Deposits less than 3 months		
Fixed Deposits	109.37	32.34
Accrued interest on Fixed Deposits	6.34	1.04
sub-total	178.66	64.08
II) BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked Balances with Banks		
Public Deposit Account	1,326.59	1,527.55
Other Bank Accounts	150.17	47.11
Bank Deposits more than 3 months and less than 12 months		
Fixed Deposits	489.86	326.61
Securities against Guarantees	3.16	6.40
Accrued interest on Fixed Deposits	12.15	5.95
sub-total	1,981.93	1,913.62
TOTAL	**2,160.59**	**1,977.70**

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

(Rs. In crores)

NAME OF THE BANK	AMOUNT INVESTED	COLLATERAL SECURITY	FREE HOLD AMOUNT
Andhra Bank, Ring Road Branch, Vijayawada	0.20	0.20	0.00
Canara Bank, SME Branch, Vijayawada	7.33	7.33	0.00
TOTAL	**7.53**	**7.53**	**0.00**

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

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
8.3 LOANS		
Secured and Considered Good:		
Loans & Advances to related Parties	1.82	59.00
Advances to Staff	0.33	0.31
sub-total	**2.15**	**59.31**
Unsecured and Considered Good:		
Advances to Staff	0.02	0.03
Interest free Loans & Advances to Staff & Others	0.06	0.01
sub-total	**0.08**	**0.04**
TOTAL	**2.23**	**59.35**
8.4 OTHERS		
Due from TSIIC	4.33	5.14
Due from GoAP	0.00	27.69
Other Advances	2.53	1.55
TOTAL	**6.86**	**34.38**
9 OTHER CURRENT ASSETS		
Tax Deducted at Source	8.05	3.95
MAT Credit	3.21	3.21
Other advances	7.62	5.29
TOTAL	**18.88**	**12.45**

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

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

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
10 AP REORGANISATION ADJUSTMENT ACCOUNT	**225.62**	**225.62**
11 EQUITY SHARE CAPITAL		
Authorised Capital		
2,00,000 equity shares of Rs. 1000/- each	20.00	20.00
Issued,Subscribed and Paid up Capital		
Equity Shares of Rs. 1000/- each	9.52	9.52
Total 95,222 equity shares of Rs. 1000/- each	**9.52**	**9.52**

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

	As at 31st March 2019		**As at 31st March 2018**	
	No. of shares	**% of holding**	**No. of shares**	**% of holding**
Governor of Andhra Pradesh	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.

<u>NON-CURRENT LIABILITIES:</u>	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
12 FINANCIAL LIABILITIES		
12.1 BORROWINGS - Secured		
Term Loans from Banks	2,000.00	2,000.00
Interest accrued but not due (Payable from 2022-23)	145.28	144.51
TOTAL	**2,145.28**	**2,144.51**

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 yealy 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 neccesary 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.46.00 crores to RINL was repaid by VIWSCO during the year. Accordingly, the loan principal outstanding as at the end of the year is nil.

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 previous 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 morotorium 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	2018-19		2017-18	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
Union Bank of India	500.00	3.55	500.00	0.00
Canara Bank	750.00	0.00	750.00	0.50
Bank of India	750.00	6.08	750.00	0.04
TOTAL	**2,000.00**	**9.63**	**2,000.00**	**0.54**

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

Out of the total loan amount, an amount of Rs.520.00 crores was held with the corporation and Rs.1,480.00 crores was deposited in the PD Account of the corporation as per the instructions of the Government of Andhra Pradesh vide Lr. No.21025/23/CM/2017, dated 02.01.2018 of Finance (DM) Department. The interest component on the loan amount deposited in the PD Account is being serviced by Government of Andhra Pradesh by release of amount to the company. Accordingly, an amount of Rs.22.69 crores i.e., balance available out of the amounts released by GoAP is exhibited as Due to GoAP under Other Current Liabilities (Financial).

An amount of Rs.346.77 crores was incurred towards land acquisition and others out of the loan amount upto the end of the year (Previous Year - Rs.266.33 crore). Further, an amount of Rs.330.29 crores was incurred towards land acquisition and infrastructure works for KIA Motors as per the instructions of Government of Andhra Pradesh vide G.O. Ms No.125 dated 14.09.2017 of Industries and Commerce (Infra) Department upto the end of the year (Previous Year - Rs.174.86 crores).

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
12.2 OTHER FINANCIAL LIABILITIES		
Due to GoAP - Land	1,165.82	712.61
Other Liabilities	24.89	41.84
TOTAL	**1,190.71**	**754.45**

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
13 PROVISIONS		
Provision for leave Benefits		
As per the last balance sheet	10.54	11.28
Add: Additions during the year	9.54	10.54
Less: Payments/adjustments during year	10.54	11.28
TOTAL	**9.54**	**10.54**

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 divison 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 31-3-2019	(Rs. in Crores) As at 31-3-2018
Deferred Tax Liability	6.13	4.39
Less: Deferred Tax Asset	3.61	4.03
Net Deferred Tax Liability (Asset)	**2.52**	**0.36**

15 OTHER NON - CURRENT LIABILITIES		
Funds from ITE & C Department	29.67	48.93
Deposit towards works undertaken	317.46	285.64
Deposits towards Lease Premium - SEZ & NON SEZ	996.88	974.24
Land Conversion Charges	262.93	262.93
Other liabilities	183.60	200.20
TOTAL	**1,790.54**	**1,771.94**

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	2018-19	2017-18
IT Business Centre, Tirupati	1.20	0.43
IT Layout, Mangalagiri	0.00	2.12
TOTAL	**1.20**	**2.55**

An amount of Rs. NIL (Previous Year Rs.NIL) towards expenditure incurred for construction of IT Incubation Centers was adjusted during the year against the grants received from ITE & C Deparment, 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 previous year 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 Pradeh Industrial Infrastructure Corporation (APIIC)*". Accordingly, the Government of Andhra Pradesh issued notification vide G.O Ms. No.98, dated 19.02.2018. Accordingly, no provision was made towards conversion charges in books of accounts from the F.Y 2015-16 to 2017-18.

The corporation has requested GoAP for clarification on non applicability of conversion charges to APIIC Limited with retrospective effect. Pending clarification, the existing provision as at the end of the 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, no funds were received from Government of India during the year and previous year.

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.NIL (Previous year Rs. 4.41 crores) was received during the year.

15.6 Grants received from Government of India for implementation of projects / schemes

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

(Rs. In crores)

SCHEME	2018-19	2017-18
MIIUS, Hindupur	0.00	5.76
Mega Food Park, Mallavalli	15.00	15.00
MSECDP	12.00	0.00
JRD Tata	0.00	1.55
TOTAL	**27.00**	**22.31**

CURRENT LIABILITIES	**(Rs.in Crores)**	**(Rs. in Crores)**
16 FINANCIAL LIABILITIES	As at 31-3-2019	As at 31-3-2018
16.1 BORROWINGS		
Accrued interest on Loan from Banks	9.63	0.34
TOTAL	**9.63**	**0.34**
16.2 TRADE PAYABLES		
Trade Payables	30.02	0.07
TOTAL	**30.02**	**0.07**

16.2.1 Sundry Creditors and other deposits are subject to confirmation.

16.3 OTHER FINANCIAL LIABILITIES		
Other Liabilities	75.69	54.89
Current maturities of long term Debt	0.00	46.00
Interest accrued and due on borrowings	0.00	13.00
TOTAL	**75.69**	**113.89**

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.73.35 crores (Previous Year - Rs.83.31 crores).

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
17 OTHER CURRENT LIABILITIES		
Deposits received from allottees	1,370.02	1,177.91
Other Current Liabilities	41.90	42.33
TOTAL	**1,411.92**	**1,220.24**

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.

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
18 PROVISIONS		
(a) PROVISION FOR EMPLOYEE BENEFITS		
18.1 Provision for leave Benefits		
As per the last balance sheet	1.10	0.84
Add: Additions during the year	0.80	1.10
Less: Payments/adjustments during year	1.10	0.84
sub-total	**0.80**	**1.10**
(b) OTHERS		
18.2 Provision for PS charges		
As per the last balance sheet	2.51	3.11
Add: Additions during the year	0.58	3.60
Less: Payments/adjustments during year	0.85	4.20
sub-total	**2.24**	**2.51**
18.3 Provision for Contractual Obligations		
As per the last balance sheet	644.25	536.77
Add: Additions during the year	674.00	644.25
Less: Adjustments made during year	644.25	536.77
sub-total	**674.00**	**644.25**
18.4 Provision for taxation		
As per the last balance sheet	0.91	20.12
Add: Additions during the year	11.66	0.65
Less: Payments/adjustments during year	0.00	19.86
sub-total	**12.57**	**0.91**
18.5 Provision for Writedown of Inventories		
As per the last balance sheet	0.81	0.46
Add: Additions during the year	0.00	0.35
Less: Payments/adjustments during year	0.00	0.00
sub-total	**0.81**	**0.81**
TOTAL	**690.42**	**649.58**

18.6 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

S.No	PARTICULARS	31.03.2019 (Rs.in crores)	31.03.2018 (Rs. in crores)
a	Claims against the company not acknowledged as debts	0.00	0.00
b	Guarantees	3.16	6.60
c	Other money for which the company is contingently liable :		
	i) Income Tax Demands	18.58	3.68
	ii) Service Tax Demands	0.00	5.45
	iii) Legal cases	886.15	754.30
	iv) Conversion Charges	552.41	552.41
	TOTAL	*1,457.14*	*1,315.84*
	GRAND TOTAL	**1,460.30**	**1,322.44**

Commitments

S.No	PARTICULARS	31.03.2019 (Rs.in crores)	31.03.2018 (Rs. in crores)
a	Other Commitments	96.09	71.66
	TOTAL	**96.09**	**71.66**

	(Rs.in Crores) As at 31-3-2019	(Rs.in Crores) As at 31-3-2018
19 REVENUE FROM OPERATIONS		
Sale of Land, Sheds, etc… less Sales Returns	306.17	413.99
Lease and other rental income	19.02	14.97
Water Demands	33.57	27.35
Interest on Hire Purchase, ORS and lease	5.66	11.59
Other Operating Revenue	10.75	8.07
TOTAL	**375.17**	**475.97**
20 OTHER INCOME		
Interest Income	47.90	22.21
Dividend	0.42	0.51
Other non operating income	13.39	28.05
TOTAL	**61.71**	**50.77**
EXPENDITURE		
21 COST OF SALES		
Cost of sales - Land & Sheds	237.88	344.96
TOTAL	**237.88**	**344.96**
22 EMPLOYEE BENEFITS EXPENSE		
Salaries and Allowances	29.37	30.68
Contribution towards Provident and other Funds	2.16	2.25
Contribution to Group Gratuity Premium	4.98	0.04
Staff Welfare Expenses	1.43	1.53
TOTAL	**37.94**	**34.50**

22.1 Salaries and Allowances includes managerial remuneration to Directors

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

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

22.3 Managerial Remuneration to Directors

	For the year 2018-19 Rs. in crores	For the year 2017-18 Rs. in crores
Salaries and Allowances	39.87	0.47
Medical Expenses	0.00	0.01
Rent	0.07	0.06
TOTAL	**39.94**	**0.54**

	(Rs.in Crores) As at 31-3-2019	(Rs.in Crores) As at 31-3-2018
23 FINANCE COST		
Interest on Term Loans from banks	53.23	17.30
TOTAL	**53.23**	**17.30**
24 OTHER EXPENSES		
(a) Rebate to allottees on Land Cost	10.59	12.93
(b) Guarantee Commission to GoAP	0.00	40.00

	(Rs.in Crores) As at 31-3-2019	(Rs.in Crores) As at 31-3-2018
(c) Repairs and Maintainance	0.45	0.30
(d) Expenditure on ERP & Others	1.16	0.15
(e) ADMINISTRATION & GENERAL EXPENSES		
Travelling Expenses	0.61	0.72
Rent	0.70	0.93
Rates and taxes	0.07	0.28
Vehicle maintenance	2.76	2.22
Electricity charges	3.57	2.85
Water charges	17.24	15.21
R&M - Estates, Preliminary Land Survey Etc.,	1.04	3.53
Insurance	0.01	0.02
Expenditure on Social Welfare	0.56	1.10
Provision for impairment of investments	0.00	2.72
Other expenses	29.90	45.27
sub-total	56.46	74.85
TOTAL (a + b + c + d + e)	**68.66**	**128.23**

24.1

Other Administrative expenses includes the following auditors' remuneration:	(Rs.in lakhs) As at 31-3-2019	(Rs. in Lakhs) As at 31-3-2018
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
Total	**5.00**	**5.00**

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 During the year an amount of Rs. NIL (P.Y Rs. 3.57 Crores) was provided in the Books of Accounts towards Payment of Interest on GST duly adjusting the Input Tax Credit to the Output GST as per the company's calculations which will be finalised on completion of GST Audit and filing of GST Annual Return for the F.Y 2018-19.

24.4 As per section 135 of the Companies Act, 2013, the company is required to spend an amount of Rs. 0.33 crores during the year (P.Y - Rs.0.57 crores) towards expenditure on Corporate Social Responsibility. Accordingly, during the year an amount of Rs.0.55 crore (P.Y - Rs.1.10 crore) was spent towards Corporate Social Responsibility for construction of rythu bazar, cremation shelter, 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 Regorganisation Act, 2014 and the same was approved by the joint Board represented by the Govt. of Andhra Pradesh and Telangana in its 199th meeting held on 02.05.2014 and 202nd meeting held on 26.03.2015 duly authorising the Vice Chairman and Managing Directors of both AP and TS Divisions to make necessary modifications. The same was reviewed and approved by the expert committee constituted by the Government for the purpose and was sent to both the Governments for approval vide its letter dated 16.05.2015.

The Board of APIIC further authorised the Vice Chairman and Managing Director of both the divisions to finalise the modalities and allocation of employees in its 202nd meeting held on 26.03.2015. Accordingly, final allocation of employees to APIIC Limited and TSIIC Limited was made which is subject to scrutiny and approval of the committee appointed/ guidelines issued if any by the Central Government for allocation of employees of PSUs. The assignment of divison 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 prooceedings 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, reconcilation and modification.

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

Book value of total assets of Rs. 3,734.90 crores and liabilities of Rs. 3,509.31 crores as on 01.06.2014 were transferred and vested with Telengana 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.

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

ASSETS		**(Rs. In crores)**
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
TOTAL ASSETS		**3,734.90**

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

27 Loan from RINL and NTPC are in substance guarantee by the company to RINL and NTPC on behalf of VIWSCO and Govt. of AP. There are no net cash flows in this regard.

28 The accounts for the F.Y 2017-18 are yet to be adopted by the share holders in the Annual General Meeting. Pending adoption of accounts for the previous year (i.e., 2017-18) by the share holders, the accounts for the F.Y 2018-19 are finalised to clear arrears in accounts.

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

AS PER OUR REPORT DATED 12.06.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

Sd/-
POLINENI BALA SRINIVAS
PARTNER
M. NO.: 028536

PLACE : MANGALAGIRI
DATE : 12.06.2020

FOR AND ON BEHALF OF THE BOARD

Sd/-
R KARIKAL VALAVEN, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
R K ROJA
CHAIRPERSON

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

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

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(Rs.in Crores)

Particulars	Current Year (2018-19)	Previous Year (2017-18)
Cash flows from operating activities:		
Net profit before taxation and exceptional items	35.25	(1.89)
Add: Adjustments for:		
Depreciation and amortisaiton	3.92	3.64
Dividend Income	(0.42)	(0.51)
Interest Expenses	53.23	17.30
Profit / loss on sale of fixed assets	0.00	0.00
Operating profit before working capital changes	**91.98**	**18.54**
Add: Adjustments for:		
Inventories	46.32	(32.02)
Trade receivables	(12.57)	19.24
Other current and non current assets	(549.47)	(404.60)
Loans and advances	21.49	115.49
Payables, liabilities and provisions	680.91	122.02
Net Cash Flow from operating activity before Income tax	**278.66**	**(161.33)**
Add: Income tax paid	0.00	(4.91)
Net Cash Flow from operating activities before exceptional items	**278.66**	**(166.24)**
Add: Exceptional item	0.00	0.00
Net Cash Flow from operating activities (I)	**278.66**	**(166.24)**
Cash flows from investing activities:		
Acquisition of fixed assets	(40.43)	(83.31)
Purchase of investments	(2.53)	0.00
Dividend income	0.42	0.51
Sale of fixed assets	0.00	0.00
Net cash flow from investing activities (II)	**(42.54)**	**(82.80)**
Cash flow from financing activities:		
Proceeds from issuance of share capital	0.00	0.00
Proceeds from long term borrowings	0.00	2000.00
Interest paid on long term borrowings	(53.23)	(17.30)
Net cash flow from financing activities (I + II + III)	**(53.23)**	**1982.70**
Net increase in cash and cash equivalents	**182.89**	**1733.66**
Cash and cash equivalents at the beginning of the year	1977.70	244.04
Cash and cash equivalents at the end of the year	2160.59	1977.70
This is the Cash flow statement referred to in our report		

AS PER OUR REPORT DATED 12.06.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

Sd/-
POLINENI BALA SRINIVAS
PARTNER
M. NO.: 028536

FOR AND ON BEHALF OF THE BOARD

Sd/-
R KARIKAL VALAVEN, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
R K ROJA
CHAIRPERSON

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

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

PLACE: MANGALAGIRI
DATE : 12.06.2020

Independent Auditor's Report

To
The Members of
ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Managalagiri.

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

1. Qualified Opinion

A. We have audited the accompanying standalone Ind AS financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited, which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and notes to the Standalone Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

B. In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the State of affairs(Financial Position) of the Corporation as at 31 March 2019, and its Profit(Financial Performance including total comprehensive income), its cash flows and the changes in equity for the year ended on that date.

2. Basis for Qualified Opinion

A. We conducted our audit in accordance with the Standard on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities" for the Audit of the Standalone Ind AS Financial Statements" section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the standalone Ind AS financial statements.

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

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

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

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

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

c) ***Deposits Received from allottees****: Current year Rs.1370.02 Crores (Previous Year Rs. 1177.91 Crores)*

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

Sl. No.	Name of the Zone	Rs. in crores
1	Head Office	21.92
2	Vijayawada	12.90
3	Kakinada	0.12
	TOTAL	**34.94**

d) ***Provision for contractual obligations:*** *Current year – Rs. 674.00 Crores (Previous Year – Rs 644.25 Crores)*

Adequacy of Provision: *As per the information and explanations given to us, the Corporation after reviewing various pending contractual obligations at the year-end estimated the provision against contractual obligations as Rs.674 Crores(Previous Year Rs.644.25 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 company (****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.

e) ***Inventory Rs. 3636.03 Crores(Previous Year Rs. 3363.78 Crores):***

*Due to non- reconciliation of the deposits and its impact on revenue as per Comment No. c above, we are not in a position to quantify the impact on inventory and not in a position to confirm the value of the inventory(****Refer Note No: 7)***

f) ***Non Conformity of Indian Accounting Standards 115***

Revenue Recognition–Sale of Land, Sheds etc. Rs. 306.17 Crores (Previous Year Rs. 413.99 Crores): (Refer Accounting Policy No. 2.10)

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

1: Identify the contracts with the customers

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

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

2: Identifying separate performance obligations

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

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

Satisfaction of performance obligations

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

3: Determine the Transaction Price

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

4: Allocate the transaction price to the performance obligations

- *The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation (or distinct goods or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.*

- *Allocation of transaction price can be done proportionately based on stand-alone selling prices. The stand-alone selling price is the price at which an entity would sell a promised good or service separately to a customer*

5: Revenue Recognition when performance obligations are satisfied

- *Performance obligation is satisfied over time or at a point in time.*
- *Performance obligation is satisfied over time if one of the criteria is met out of three:*

The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs

The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or

The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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

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

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

Revenue is to be recognised basis the Steps indicated in the Ind AS 115. Corporation recognised the Revenue upon entering into Agreement of sale with the allottees on receipt of full consideration, without identifying performance obligations in the contracts with the allottees and without allocating thetransaction price to the performance obligations and without testing for the satisfaction of identified performance obligations for the transferring of the promised good or service to Allottees. As the Corporation has not identified for each of the performance obligation, and has not determined at contract inception whether it satisfies the performance obligation over time or at a point in time and has not arrived at the conclusion for the tests as to if the Corporation does or does not satisfy a performance obligation is not satisfied over time, then the same will be satisfied at a point in time, and In the light of the foregoing, the corporation has not adhered to Ind As -115 "Revenue From Contracts with Customers" while adapting the Revenue recognition policy. Hence 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.

g) ***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:

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

ii) *The Profit or Loss of the corporation has been understated.*

iii) *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 tantamount to non-compliance of IndAs-18: Revenue Recognition ***(Refer Note No: 26)***

3. Emphasis of Matter:

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

1) **Drawal 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 NoteNo: 25)**

2) **Provision for leave encashment**:

The company has an year end provision towards leave encashment in respect of Employees (Other Long Term Employee Benefits) i.e, Current year Rs.9.54 Crores (Previous Year Rs.10.54 Crores) as per the actuarial valuation which is not in line with actuarial valuation method as per Ind AS -19.**(Refer Note No: 13)**

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: 16.2.1)**are yet to be confirmed and reconciled

4) **GST Liability** :

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

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

5) **Finalisation and approval of accounts for the year 2018-19 pending adoption of accounts for the F.Y. 2017-18 by the shareholders in the AGM**

Pending adoption of accounts of the previous financial year, the company has finalised and approved the accounts for the FY 2018-19 to clear the arrears in accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements

4. Key Audit Matters

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

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

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

A. The Corporation's management is responsible for the preparation of the other information. The other information comprises the information included in director's report and annexure but does not include the standalone Ind AS financial statements and our auditor's report thereon. The director's report and annexure is expected to be made available to us after the date of this auditor's report. Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

B. In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Corporation's financial reporting process.

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

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

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

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

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

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Corporation has adequate internal financial controls system in place and the operating effectiveness of such controls

iii) Evaluate the appropriate of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

C. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

D. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

E. From the matters communicated with those charged with governance, we determine these matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II. Report on Other Legal And Regulatory Requirements

1. As required by the Companies(Auditor's Report) Order, 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 Order.

2. As required by Section 143(3) of the Act, we report that:
   A. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   B. In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books;

   C. The Standalone Ind AS Balance Sheet, the Statement of Profit and Loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

D. Except for the matters described in "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid standalone IndAs financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued thereunder,

E. In accordance with Notification No. G.S. R. 463 (E), dated 5 June 2015, the requirement of section 164(2) of the Companies Act, 2013 is not applicable to Government Companies.

F. With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in **Annexure** "**B**"; and

G. As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Corporation.

H. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies(Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:

   i. The Corporation has disclosed the impact of pending litigations on its financial position in its Standalone AS financial statements as at 31.03.2019.

   ii. The Corporation did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Corporation;

For POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S

Sd/-
(POLINENI BALA SRINIVAS)
Partner
M.No.028536
UDIN:20028536AAAADL9945

Place: Guntur
Date: 12.06.2020

ANNEXURE – "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph II(1) of our 'Independent Auditor's Report' of even date to the members of **M/s.ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE COPRORATION LIMITED**(the "Corporation") on the Standalone Ind AS financial statements of the Corporation for the year ended on 31st March 2019.

1. a) The Corporation has maintained proper records showing full particulars, including quantative details and situation of fixed assets;
   b) The 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 Corporation except for the portion of the building at "ParishramBhawan" 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 such physical verification.

3. The Corporation has granted advances/loans, secured and unsecured, to subsidiaries covered in the register to be maintained under section 189 of the Companies Act.

Name of the party	Relation ship	Type	Amount (in crores) outstanding as on 31.03.2019
AP Gas Infrastructure Corporation Pvt Ltd	Subsidiary	Unsecured Loan	1.82
Krishnapatnam International Leather Complex Pvt Ltd	Subsidiary	Expenses	0.22
		Unsecured Loan	23.85
		Acc. Interest on unsecured loan	2.84
Visakhapatnam Industrial Water Supply Company	Joint venture	Acc. Interest on secured loan	145.28
Atchutapuram Effluent Treatment Ltd	Joint venture	Unsecured Advances	24.62
Atchutapuram Effluent Treatment Ltd	Joint venture	Acc. Interest	1.39

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.30.89 Crores.

4. In our opinion and according to the information and explanation given to us, the Corporation has not granted any loans nor made any investments and provided guarantee and securities, 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) if 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 Corporation has not accepted any deposits from the Public during the year as per the provision of sec 73 to 76 or any other relevant provision of Companies Act, 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. As informed to us, the Corporation has not maintained separate cost records and the same are being extracted from the Financial Records. We have not made detailed examination of the financial records with a view to determine they are accurate and complete in respect of cost records.

7. (a) According to the information and explanations given to us, and the records of the corporation examined by us, in our opinion, the Corporation is generally regular in depositing the undisputed statutory dues including 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, 2019 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and the records of the Corporation examined by us, the following are the 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

8. According to the information and explanations given to us, the Corporation has not defaulted in repayment of dues to its bankers. The Corporation 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 did not raise any money by way of initial public offer (including debt instrument).

   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 earlier financial year 2017-18 to meet land acquisition and Infrastructure development expenditure for four specified projects. However the Corporation during has spent amounts as under out of the aforesaid loans:

Sl. No.	Purpose for which amount was spent	F. Y. 2017-18	F.Y. 2018-19
1	Land Acquisition for the mandated projects	174.86	155.43
2	Infrastructure Development works in respect of M/s KIA Motors, Penugonda, Anantapur District	266.33	80.44

In addition, the Corporation deposited an amount of Rs. 1,480.00 crores out of the loans availed from the banks in the Public Deposit (PD) a/c of Corporation vide GOAP letter dated 02-01-2018.

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

10. According to the information and explanations given to us, on the basis of examination of our books and records of corporation, no fraud on or by the Corporation, by its officers or employees has been noticed or reported during year.

11. The provisions of section 197 read with Schedule V to the Companies Act, 2013 in respect of managerial remuneration are not applicable to the Government Corporation. Accordingly, paragraph 3 (xi) of the order is not applicable.

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 explanation 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 POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S

Place: Guntur
Date: 12.06.2020

Sd/-
(POLINENI BALA SRINIVAS)
Partner
M.No.028536
UDIN: 20028536AAAADL9945

ANNEXURE- "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

(Referred to in Paragraph II(2)(f) of 'Independent Auditor's Report' of our report of even date)

We have audited the internal financial controls over financial reporting of **ANDHRA PRADESH INDSUTRIAL INFRASTRUCTURE CORPORATION LIMITED**("the Corporation") as at 31st March 2019 in conjunction with our audit of the of the standalone Ind AS financial statements of the Corporation for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial controls over Financial Reporting

A Corporation's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Corporation's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal controls stated in the guidance note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S

Place: Guntur
Date: 12.06.2020

Sd/-
(POLINENI BALA SRINIVAS)
Partner
M.No.028536
UDIN:20028536AAAADL9945

महालेखाकार (लेखापरीक्षा) का कार्यालय

आंध्र प्रदेश

Office of the Accountant General (Audit)

Andhra Pradesh

Lr. No. AG (AUDIT)/AP/TSC(PSUs)/AA/APIIC/2021-22/41 Date: 27-09-2021

To

The Managing Director,

Andhra Pradesh Industrial Infrastructure Corporation Limited

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

Fun Times 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 Financial Statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2019.

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 financial statements of your Company for the year 2018-19 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 be 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 2018-19 for being placed before the Legislature may also be intimated. The date on which Annual Report is tabled in the Legislature may also be intimated.

4. Five copies of the annual report for the year 2018-19 are to be furnished to this office without fail.

Yours faithfully,

Sd/-

Deputy Accountant General/AMG-II

Encl: As above

website : www.cag.gov.in/ag/andhra-pradesh/en

email : agauandhrapradesh@cag.gov.in

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 MARCH 2019

The preparation of the financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2019 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) of the Act are 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 12.06.2020.

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 31 March 2019 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 matter(s) under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. Comments on Financial Position
Balance Sheet
Other Non-current Liabilities (Note-15) Land Conversion Charges: ₹ 262.93 crore

1. Government of Andhra Pradesh amended the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 vide Act No.13 of 2018, which came into force from 01.02.2018. As per Section 7(g) of the amended Act, exemption from the provisions of the Act, 2006 was extended to lands allotted to the Company (APIIC) from only 01.02.2018 and there was no provision for retrospective exemption. Instead of recognizing liability payable to GoAP towards conversion charges for those lands allotted to the Company up to 01.02.2018, the Company disclosed contingent liability of ₹552.41 crore as on 31.03.2019 for the period up to 2014-15. Further, liability for the years 2015-16, 2016-17 and 2017-18 works out to minimum of ₹30.93 crore was not provided for. This resulted in understatement of 'Other Non-Current Liabilities and Inventories by minimum of ₹583.34 crore each and overstatement of 'Contingent Liabilities' by ₹552.41 crore.

B. Comment on Disclosures
Notes to the Financial Statements
Investments (Note - 5.1)

2. Reference is invited to disclosure under Note 5.1 to Financial Statements regarding Company's investments in equity shares of other Companies. However, certificates in respect of investments in three Company's viz. Hyderabad Information Technology Venture Enterprises Ltd, Cyberabad Trustee Company (P) Ltd. and Cyberabad Trustee Company (P) Ltd.– HIVE Fund, were not available. Thus, Audit could not ascertain the correctness of the Company's investment of ₹1.12 crore shown against the Companies.

C. Comment on Independent Auditors' Report

3. As per Item No. 2(B)(g) of Independent Auditors Report, Assets and Liabilities and Profit or Losses pertaining to Industrial Area Local Authority (IALA) were not brought into the books of accounts and they were not in a position to quantify the impact due to failure on the part of the management to provide the necessary information. Further, not clubbing the income of IALAs would tantamount to non-compliance of Ind AS-18 (Revenue Recognition) (Refer Note No: 26).
However, the qualification in Auditor's Report is not correct in the context of IALA's nature of transactions explained in Note 26 of Financial Statements and in view of the fact that Ind AS-18 was withdrawn from 1 April 2018.

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

Sd/-
(HEMA MUNIVENKATAPPA)
Accountant General/Audit
महालेखाकार / ले.प.

Place: Vijayawada
Date: **27-09-2021**

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019

(Rs.in Crores)

	Particulars	Note No.	Figures as at 31.03.2019	Figures as at 31.03.2018
	ASSETS			
(1)	**Non - Current Assets**			
a	Property, Plant and Equipment	3.1.3	250.03	223.80
b	Capital Work in Progress	4.1	217.42	197.46
c	Investment Property	4.2.3	94.82	31.93
d	**Financial Assets**			
	(i) Investments	5.1	54.90	43.65
	(ii) Loans	5.2	425.85	179.31
	(iii) Others	5.3	61.91	37.77
e	**Other Non - Current Assets**			
	(i) Non-Current Tax Assets (Net)	6.1	4.91	4.91
	(ii) Other Non - Current Assets	6.2	676.77	669.10
	Non - Current Assets - Total		**1,786.61**	**1,387.93**
(2)	**Current Assets**			
a	**Inventories**	7	3,636.03	3,363.78
b	**Financial Assets**			
	(i) Trade Receivables	8.1	63.44	50.87
	(ii) Cash and Cash Equivalents	8.2	2,193.74	2,001.80
	(iii) Loans	8.3	0.85	58.27
	(iv) Others	8.4	6.88	34.40
c	**Other Current Assets**	9	19.12	16.28
(3)	**AP Reorganisation Adjustment Account**	10	225.62	225.62
	Current Assets - Total		**6,145.68**	**5,751.02**
	Total Assets		**7,932.29**	**7,138.95**
	EQUITY AND LIABILITIES			
(1)	**Equity**			
	(i) Equity Share Capital	11	9.52	9.52
	(ii) Other Equity		338.98	275.32
	(iii) Non Controlling Interest	11.3	1.69	1.98
	(iv) Share application money pending allotment		0.39	0.20
	Equity - Total		**350.58**	**287.02**
	LIABILITIES			
(2)	**Non - Current Liabilities**			
a	**Financial Liabilities**			
	(i) Borrowings	12.1	2,145.28	2,144.51
	(ii) Other Financial Liabilities	12.2	1,190.69	754.43
b	**Provisions**	13	9.54	10.54
c	**Deferred tax liabilities (Net)**	14	2.52	0.36
d	**Other Non - Current Liabilities**	15	1,756.69	1,771.94
	Non - Current Liabilities - Total		**5,104.72**	**4,681.78**
(3)	**Current Liabilities**			
a	**Financial Liabilities**			
	(i) Borrowings	16.1	9.63	0.34
	(ii) Trade Payables	16.2	30.19	0.22
	(iii) Other Financial Liabilities	16.3	333.74	298.00
b	Other Current Liabilities	17	1,411.93	1,220.26
c	Provisions	18	691.50	651.33
	Current Liabilities - Total		**2,476.99**	**2,170.15**
(4)	**Accounting Policies**	2		
	Total Equity and Liabilities		**7,932.29**	**7,138.95**

AS PER OUR REPORT DATED 12.06.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

Sd/-
POLINENI BALA SRINIVAS
PARTNER
M. NO.: 028536

PLACE: MANGALAGIRI
DATE : 12.06.2020

FOR AND ON BEHALF OF THE BOARD

Sd/-
R KARIKAL VALAVEN, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
R K ROJA
CHAIRPERSON

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

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

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2019

(Rs.in Crores)

	Particulars	Note No.	Current Year (2018-19)	Previous Year (2017-18)
I	Revenue from operations	19	375.35	476.00
II	Other Income	20	65.99	30.85
III	**Total Revenue (I + II)**		**441.34**	**506.85**
IV	**Expenses**			
a	Cost of Sales	21	237.88	344.96
b	Exploratory Cost Written off		0.27	60.03
c	Employee Benefits expense	22	38.04	34.57
d	Finance Costs	23	53.23	17.30
e	Depreciation and amortization expense		3.93	3.65
f	Other expenses	24	69.45	129.10
	Total Expenses		**402.80**	**589.61**
V	**Profit/(Loss) before Exceptional items and tax (III - IV)**		38.54	(82.76)
VI	Exceptional items		0.00	0.00
VII	**Profit/(Loss) before tax (V - VI)**		38.54	(82.76)
VIII	**Tax expense:**			
	(1) Current Tax - Current Year		11.66	0.64
	- Previous Years		(0.58)	(0.34)
	(2) Deffered Tax - Current Year		2.15	0.22
IX	**Profit/ (Loss) for the period (VII - VIII)**		**25.31**	**(83.28)**
X	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to Profit or (Loss)		0.00	0.00
	Employee Cost - Acturial gain/(loss)			
	Tax expense:			
	(1) Current Tax		0.00	0.00
	(2) Deffered Tax - Current Year		0.00	0.00
XI	**Total Comprehensive Income/ (Loss) for the year**		**25.31**	**(83.28)**
XII	Earning per equity share (in Rupees):			
	'- Basic & Diluted		**2,658**	**0**
	(Face value of ₹ 1000/- per Share)			

See Accompanying notes to the financial statements

AS PER OUR REPORT DATED 19.08.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

Sd/-
POLINENI BALA SRINIVAS
PARTNER
M. NO.: 028536

PLACE : MANGALAGIRI
DATE : 12.06.2020

FOR AND ON BEHALF OF THE BOARD

Sd/-
R KARIKAL VALAVEN, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
R K ROJA
CHAIRPERSON

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

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 31st MARCH, 2019

(Rs.in Crores)

Details	Share Capital	Other Equity					
		Reserves and Surplus			Other items of other comprehensive income (Employee cost - Acturial gain (loss)	Non-Controlling Interest	Total
	Equity shares of Rs.1,000/- each fully paid	Capital Reserve	General Reserve	Retained Earnings			
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
Balance at the end of the reporting year 2017-18	**9.52**	**17.58**	**0.00**	**231.39**	**0.00**	**26.35**	**275.32**
Balance as at the beginning of the year 2018-19	9.52	17.58	0.00	231.39	0.00	26.35	275.32
Changes in accounting policy or prior period errors	0.00	0.00	0.00	(1.92)	0.00	0.00	(1.92)
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	40.00	0.00	0.00	0.00	0.00	40.00
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	25.31	0.00	0.29	25.60
Any other changes	0.00	0.00	0.00	(0.02)	0.00	0.00	(0.02)
Balance at the end of the reporting year 2018-19	**9.52**	**57.58**	**0.00**	**254.76**	**0.00**	**26.64**	**338.98**

AS PER OUR REPORT DATED 19.08.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

Sd/-
POLINENI BALA SRINIVAS
PARTNER
M. NO.: 028536

FOR AND ON BEHALF OF THE BOARD

Sd/-
R KARIKAL VALAVEN, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
R K ROJA
CHAIRPERSON

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

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

PLACE: MANGALAGIRI
DATE : 12.06.2020

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Notes forming part of Consolidated Balance Sheet and
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 programmers, to provide and develop infrastructure facilities and other services of any description in order to promote and assist the rapid and orderly establishment, growth and development of industries and commerce in the State of Andhra Pradesh.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

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

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

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

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

These Financial Statements are approved for issue by the Board of Directors of the company on 12.06.2020

2.1 Basis of preparation of Financial Statements

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

2.2 Use of Estimates:

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

Significant Accounting Policies:

2.3 Plant, Property and Equipment:

Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment if any. Historical cost includes purchase price and all attributable costs (freight and non refundable duties and taxes) for bringing the asset to working condition for intended use. 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 assests whose value <=Rs.5000/- are charged to Profit & Loss Account.

Property held to earn rentals or for capital appreciation in which portions could be sold seperately are accounted for as investment property or tangible asset as the case may be. If the portions could not be sold seperately 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 asets 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 conmpany 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 transcation 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-recognises 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 detemining 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, availble 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 compay has present legal or constructive obligation that is reasonably estimatable, and is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

2.10 Income Recognition

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 acturial 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 acturial 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 prodution 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 duing 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

Deffered 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 liablilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transacion 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 furture taxable profits or reversal of deffered 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.

Defferred 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 estimatation 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 cosidered to be relavant. 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 significiant effect on the amounts recognised in the financial statements

Contingencies and commitments

In the normal course of business, contigent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystalising 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 financilal 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 2018-19

BALANCE SHEET:

NON-CURRENT ASSETS

3.1 TANGIBLE ASSETS - NET BLOCK

(Rs.in Crores)

PARTICULARS	As at 31st March, 2019	As at 31st March, 2018
LAND including Land Development	0.06	0.06
BUILDINGS	33.34	2.14
REFRIGERATORS, ACs AND AIR COOLERS	0.02	0.03
FURNITURE AND FIXTURES	4.19	0.35
OFFICE EQUIPMENT	0.21	0.15
VEHICLES	0.46	0.63
ELECTRICAL EQUIPMENT	0.11	0.13
DRAWING EQUIPMENT	0.00	0.00
COMPUTER	3.77	1.07
QUALITY CONTROL EQUIPMENT	0.00	0.00
LAND - SEZ	138.90	149.45
LAND DEVELOPMENT - SEZ	47.06	45.92
BUILDING - SEZ	0.05	0.05
WATER SUPPLY - SEZ	4.42	5.12
SEWERAGE - SEZ	7.57	7.90
EXTERNAL ELECTRIFICATION - SEZ	0.78	1.24
ROADS AND BRIDGES - SEZ	0.00	0.00
SOLAR POWER PLANT	9.09	9.56
CURRENT YEAR	**250.03**	**223.80**
PREVIOUS YEAR	**223.80**	**330.58**

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 fomalities 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.3.83 crores (Previous Year: Rs.3.63 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 Entreprenuers 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 impairement of Fixed Assets during the year

4.1 CAPITAL WORK IN PROGRESS	**(Rs.in Crores)** As at 31-3-2019	**(Rs. in Crores)** As at 31-3-2018
Construction of Incubation Centres etc.		
As per last Balance Sheet	197.46	80.08
Add: Additions during the period	44.52	23.58
Less: Adjustment against Grant/ Capitalisation	100.95	0.00
Sub-Total	**141.03**	**103.66**
Exploratory work-in-progress	76.39	93.80
TOTAL	**217.42**	**197.46**

4.2 INVESTMENT PROPERTY - NET BLOCK

(Rs.in Crores)

PARTICULARS	As at 31st March, 2019	As at 31st March, 2018
LAND	22.79	22.23
BUILDINGS	72.03	9.70
CURRENT YEAR	**94.82**	**31.93**
PREVIOUS YEAR	**31.93**	**32.10**

Land and Buildings held by the company for allotment on Lease/ Rental basis other than SEZs and in respect of those in which insignificant portion is held for administrative purpose are treated as investment property.

		% of Holding	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
5	**FINANCIAL ASSETS (NON - CURRENT ASSETS)**			
5.1	**INVESTMENTS**			
A	***INVESTMENTS IN EQUITY INSTRUMENTS***			
INVESTMENTS IN JOINT VENTURES				
I	25,00,000 equity shares of Rs.10/- each fully paid-up in NICDIT Krishnapatnam Industrial City Development Limited	50	2.47	0.00
II	2,20,27,071 equity shares of Rs.10/- each fully paid-up in Visakhapatnam Industrial Water Supply Company Ltd	49	5.11	0.00
III	1,16,59,790 equity shares of Rs.10/- each fully paid-up in Atchutapuram Effluent Treatment Limited (P.Y - 72,20,966 equity shares of Rs.10/- each)	49	11.66	7.22
INVESTMENTS IN ASSOCIATE COMPANIES				
IV	52,00,000 equity shares of Rs.10/- each fully paid up in Ace Urban Hitech City Limited	26	0.08	0.00
V	26,000 equity shares of Rs.10/- each fully paid up in KP Agri Ware Housing Company Private Limited	26	0.01	0.00
VI	1,30,00,000 equity shares of Rs.10/- each fully paid up in Andhra Pradesh Aerospace & Defence Electronics Park Private Limited	26	12.14	0.00
INVESTMENTS IN RELATED PARTY COMPANIES				
VII	15,00,000 equity shares of Rs.10/- each full pad-up in Bharatiya International SEZ Ltd	11.05	1.50	1.50
VIII	19,80,000 equity shares of Rs.10/- each fully paid-up in Ramky Pharma City (India) Ltd	11	1.98	1.98
IX	17,32,104 equity shares of Rs.10/- each fully paid-up in Ace Urban Infocity Limited (includes 5,77,368 Bonus shares issued on May 12, 2003)	6.42	1.15	1.15
X	12,145 equity shares of Rs.10/- each fully paid-up in Hyderabad Information Technology Venture Enterprises Ltd	4.86	0.01	0.01
XI	2,429 equity shares of Rs.10/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (Rs. 24,290/-)	4.86	0.00	0.00
XII	2,04,36,000 equity shares of Rs.10/- each fully paid-up in APGDC		20.44	20.44

		% of Holding	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
XIII	44,000 equity shares of Rs.10/- each fully paid-up in Vizag IT Park Ltd	0.49	0.04	0.04
	B OTHER INVESTMENTS			
I	449 Units of Rs.25,000/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (HIVE FUND)		1.12	1.12
			57.71	**33.46**
	Add: Deposit towards share application money			
	A.P Aerospace & Defence Electronics Park P Ltd		0.00	13.00
	Bhagyanagar Gas Ltd		2.39	2.39
			60.10	**48.85**
	Less: Provision for impairment of investments			
	Ace Urban Hitech City Limited		5.20	5.20
	TOTAL		**54.90**	**43.65**

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 Infrastucture Corporation (P) Ltd upto the end of the previous year.

An amount of Rs. 24.45 crores was written off in the books of accounts duly retaining Rs. 2.72 crores (i.e., 10% equity contribution of 2,71,66,000 equity shares @ Rs. 10/- each) in the earlier years towards investment in APGIC as the subsidiary company had incurring losses continuously. Further, an amount of Rs.2.72 crores was provided towards imparment of investments during the previous year as the subsidiary has incurred further losses. In addition, an amount of Rs.1.24 crores released to APGIC for day to day expenses was provided as Bad Debts during the previous 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 as at the end of the year (Previous Year 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.11.66 crores (P.Y - 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 Equity Shares 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 towards 26% share was invested in the SPV as per the orders of Government of Andhra Pradesh vide G.O Ms. No.76, dated 14.09.2015 of Industries and Commerce (Infra) Department during the previous year. Accordingly, 1,30,00,000 equity shares of Rs.10/- each were allotted to the company during the year.

5.1.6 Investments in NICDIT Krishnapatnam Industrial City Development Limited

The company has invested an amount of Rs.2.50 crore towards 50% share in the SPV as per the orders of Governement of Andhra Pradesh vide G.O RT No.133, dated 07.05.2018 of Industries and Commerce (Infra) Department.

5.1.7 Investments in KP Agri Ware Housing Company Private Limited

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

5.1.8 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 and the same is being continued and retained in the books of accounts of the company upto the end of the year.

5.1.9 Investments transferred to TSIIC Limited :

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

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

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

5.2 LOANS	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
Secured and Considered Good:		
Loans & Advances to related Parties	123.18	124.91
Advances to Staff	1.73	1.30
sub-total	**124.91**	**126.21**
Unsecured and Considered Good:		
Loans & Advances to related Parties	47.15	49.56
Advances to Staff	0.07	0.07
Other Loans & Advances	253.72	3.47
sub-total	**300.94**	**53.10**
TOTAL	**425.85**	**179.31**

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 31.03.2019	AMOUNTS WRITTEN OFF/ WRITTEN BACK
1. AP Gas Infrastructure Corporation Pvt Limited	Subsidiary	0.61	1.82	0.00
2. Krishnapatnam International Leather Complex P Ltd	Subsidiary	4.86	26.91	0.00
3. Visakhapatnam Industrial Water Supply Company (Acc. Interest on Secured Loan)	Joint Venture	15.14	145.28	0.00
4. Atchutapuram Effluent Treatment Limited	Joint Venture	10.81	24.62	0.00
5. Atchutapuram Effluent Treatment Limited (Acc. Interest)	Joint Venture	1.14	1.39	0.00
TOTAL		**32.56**	**200.02**	**0.00**

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 31-3-2019	(Rs. in Crores) As at 31-3-2018
5.3	**OTHERS**		
	Securities against Guarantees	0.20	0.20
	Accrued int. on Fixed Deposits	0.04	0.03
	Others	61.67	37.54
	TOTAL	**61.91**	**37.77**
6	**OTHER NON - CURRENT ASSETS**		
6.1	**CURRENT TAX ASSETS (NET)**	**4.91**	**4.91**
6.2	**OTHER NON - CURRENT ASSETS**		
	Taxes paid under protest	47.99	47.59
	Security Deposits (Unsecured)	0.49	0.48
	Deposit towards Land Acquisition	621.06	611.59
	Others	7.23	9.44
	TOTAL	**676.77**	**669.10**
	CURRENT ASSETS		
7	**INVENTORIES**		
	(As certified by the management)		
	Construction materials	0.44	0.44
	Stock in trade - Land	3,224.27	2,820.21
	Stock in Trade - Development	146.85	142.74
	sub-total	**3,371.56**	**2,963.39**
	Work - in progress	264.47	400.39
	TOTAL	**3,636.03**	**3,363.78**

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**

		(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
8	**FINANCIAL ASSETS**		
8.1	**TRADE RECEIVABLES**		
	(Unsecured and Considered Good)		
	Debts exceeding 12 months	60.88	52.06
	Other debts	9.98	8.01
		70.86	60.07
	Less: Provision for doubtful debts	7.42	9.20
	TOTAL	**63.44**	**50.87**

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 31-3-2019	(Rs. in Crores) As at 31-3-2018
8.2 CASH AND BANK BALANCES		
I) CASH AND CASH EQUIVALENTS		
Balance in Bank Accounts	63.31	49.32
Balance with Banks - Estates	0.66	2.53
Cash in Transit	0.00	2.94
Bank Deposits less than 3 months		
Fixed Deposits	109.37	32.34
Accrued interest on Fixed Deposits	6.34	1.04
sub-total	179.68	88.17
II) BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked Balances with Banks		
Public Deposit Account	1,326.59	1,527.55
Other Bank Accounts	150.17	47.11
Bank Deposits more than 3 months and less than 12 months		
Fixed Deposits	521.99	326.61
Securities against Guarantees	3.16	6.40
Accrued interest on Fixed Deposits	12.15	5.96
sub-total	2,014.06	1,913.63
TOTAL	**2,193.74**	**2,001.80**

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

(Rs. In crores)

NAME OF THE BANK	AMOUNT INVESTED	COLLATERAL SECURITY	FREE HOLD AMOUNT
Andhra Bank, Ring Road Branch, Vijayawada	0.20	0.20	0.00
Canara Bank, SME Branch, Vijayawada	7.33	7.33	0.00
TOTAL	**7.53**	**7.53**	**0.00**

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

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
8.3 LOANS		
Secured and Considered Good:		
Loans & Advances to related Parties	0.23	57.71
Advances to Staff	0.33	0.31
sub-total	**0.56**	**58.02**
Unsecured and Considered Good:		
Advances to Staff	0.02	0.03
Interest free Loans & Advances to Staff & Others	0.27	0.22
sub-total	**0.29**	**0.25**
TOTAL	**0.85**	**58.27**
8.4 OTHERS		
Due from TSIIC	4.33	5.14
Due from GoAP	0.00	27.69
Other Advances	2.55	1.57
TOTAL	**6.88**	**34.40**
9 OTHER CURRENT ASSETS		
Tax Deducted at Source	8.18	3.97
MAT Credit	3.21	3.21
Other advances	7.73	9.10
TOTAL	**19.12**	**16.28**

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

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

		(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
10	**AP REORGANISATION ADJUSTMENT ACCOUNT**	**225.62**	**225.62**
11	**EQUITY SHARE CAPITAL**		
	Authorised Capital		
	2,00,000 equity shares of Rs. 1000/- each	20.00	20.00
	Issued,Subscribed and Paid up Capital		
	Equity Shares of Rs. 1000/- each	9.52	9.52
	Total 95,222 equity shares of Rs. 1000/- each	**9.52**	**9.52**

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

	As at 31st March 2019		As at 31st March 2018	
	No. of shares	**% of holding**	**No. of shares**	**% of holding**
Governor of Andhra Pradesh	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.

		(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
11.3	**NON CONTROLLING INTEREST**		
	APGIC	0.00	0.00
	KPILC	1.69	1.98
	TOTAL	**1.69**	**1.98**
	NON-CURRENT LIABILITIES:		
12	**FINANCIAL LIABILITIES**		
12.1	**BORROWINGS - Secured**		
	Term Loans from Banks	2,000.00	2,000.00
	Interest accrued but not due (Payable from 2022-23)	145.28	144.51
	TOTAL	**2,145.28**	**2,144.51**

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 yealy 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 neccesary 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.46.00 crores to RINL was repaid by VIWSCO during the year. Accordingly, the loan principal outstanding as at the end of the year is nil.

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 previous 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 morotorium 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	2018-19		2017-18	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
Union Bank of India	500.00	3.55	500.00	0.00
Canara Bank	750.00	0.00	750.00	0.50
Bank of India	750.00	6.08	750.00	0.04
TOTAL	**2,000.00**	**9.63**	**2,000.00**	**0.54**

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

Out of the total loan amount, an amount of Rs.520.00 crores was held with the corporation and Rs.1,480.00 crores was deposited in the PD Account of the corporation as per the instructions of the Government of Andhra Pradesh vide Lr. No.21025/23/CM/2017, dated 02.01.2018 of Finance (DM) Department. The interest component on the loan amount deposited in the PD Account is being serviced by Government of Andhra Pradesh by release of amount to the company. Accordingly, an amount of Rs.22.69 crores i.e., balance available out of the amounts released by GoAP is exhibited as Due to GoAP under Other Current Liabilities (Financial).

An amount of Rs.346.77 crores was incurred towards land acquisition and others out of the loan amount upto the end of the year (Previous Year - Rs.266.33 crore). Further, an amount of Rs.330.29 crores was incurred towards land acquisition and infrastructure works for KIA Motors as per the instructions of Government of Andhra Pradesh vide G.O. Ms No.125 dated 14.09.2017 of Industries and Commerce (Infra) Department upto the end of the year (Previous Year - Rs.174.86 crores).

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
12.2 OTHER FINANCIAL LIABILITIES		
Due to GoAP - Land	1,165.82	712.61
Other Liabilities	24.87	41.82
TOTAL	**1,190.69**	**754.43**
13 PROVISIONS		
Provision for leave Benefits		
As per the last balance sheet	10.54	11.28
Add: Additions during the year	9.54	10.54
Less: Payments/adjustments during year	10.54	11.28
TOTAL	**9.54**	**10.54**

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 divison 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 31-3-2019	(Rs. in Crores) As at 31-3-2018
Deferred Tax Liability	6.13	4.39
Less: Deferred Tax Asset	3.61	4.03
Net Deferred Tax Liability (Asset)	**2.52**	**0.36**

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
15 OTHER NON - CURRENT LIABILITIES		
Funds from ITE & C Department	29.67	48.93
Deposit towards works undertaken	283.61	285.64
Deposits towards Lease Premium - SEZ & NON SEZ	996.88	974.24
Land Conversion Charges	262.93	262.93
Other liabilities	183.60	200.20
TOTAL	**1,756.69**	**1,771.94**

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	2018-19	2017-18
IT Business Centre, Tirupati	1.20	0.43
IT Layout, Mangalagiri	0.00	2.12
TOTAL	**1.20**	**2.55**

An amount of Rs. NIL (Previous Year Rs.NIL) towards expenditure incurred for construction of IT Incubation Centers was adjusted during the year against the grants received from ITE & C Deparment, 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 previous year 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 Pradeh Industrial Infrastructure Corporation (APIIC)*". Accordingly, the Government of Andhra Pradesh issued notification vide G.O Ms. No.98, dated 19.02.2018. Accordingly, no provision was made towards conversion charges in books of accounts from the F.Y 2015-16 to 2017-18.

The corporation has requested GoAP for clarification on non applicability of conversion charges to APIIC Limited with retrospective effect. Pending clarification, the existing provision as at the end of the 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, no funds were received from Government of India during the year and previous year.

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.NIL (Previous year Rs. 4.41 crores) was received during the year.

15.6 Grants received from Government of India for implementation of projects / schemes

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

(Rs. In crores)

SCHEME	2018-19	2017-18
MIIUS, Hindupur	0.00	5.76
Mega Food Park, Mallavalli	15.00	15.00
MSECDP	12.00	0.00
JRD Tata	0.00	1.55
TOTAL	**27.00**	**22.31**

CURRENT LIABILITIES

		(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
16	**FINANCIAL LIABILITIES**		
16.1	**BORROWINGS**		
	Accrued interest on Loan from Banks	9.63	0.34
	TOTAL	**9.63**	**0.34**
16.2	**TRADE PAYABLES**		
	Trade Payables	30.19	0.22
	TOTAL	**30.19**	**0.22**

16.2.1 Sundry Creditors and other deposits are subject to confirmation.

16.3	**OTHER FINANCIAL LIABILITIES**		
	Other Liabilities	333.74	239.00
	Current maturities of long term Debt	0.00	46.00
	Interest accrued and due on borrowings	0.00	13.00
	TOTAL	**333.74**	**298.00**

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.73.35 crores (Previous Year - Rs.83.31 crores).

		(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
17	**OTHER CURRENT LIABILITIES**		
	Deposits received from allottees	1,370.02	1,177.91
	Other Current Liabilities	41.91	42.35
	TOTAL	**1,411.93**	**1,220.26**

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.

		(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
18	**PROVISIONS**		
	(a) PROVISION FOR EMPLOYEE BENEFITS		
18.1	**Provision for leave Benefits**		
	As per the last balance sheet	1.10	0.84
	Add: Additions during the year	0.80	1.10
	Less: Payments/adjustments during year	1.10	0.84
	sub-total	**0.80**	**1.10**
	(b) OTHERS		
18.2	**Provision for PS charges**		
	As per the last balance sheet	2.51	3.11
	Add: Additions during the year	0.58	3.60
	Less: Payments/adjustments during year	0.85	4.20
	sub-total	**2.24**	**2.51**
18.3	**Provision for Contractual Obligations**		
	As per the last balance sheet	644.25	536.77
	Add: Additions during the year	674.00	644.25
	Less: Adjustments made during year	644.25	536.77
	sub-total	**674.00**	**644.25**
18.4	**Provision for taxation**		
	As per the last balance sheet	1.49	20.70
	Add: Additions during the year	11.66	0.65
	Less: Payments/adjustments during year	0.58	19.86
	sub-total	**12.57**	**1.49**

	(Rs.in Crores) As at 31-3-2019	(Rs. in Crores) As at 31-3-2018
18.5 Provision for Writedown of Inventories		
As per the last balance sheet	0.81	0.46
Add: Additions during the year	0.00	0.35
Less: Payments/adjustments during year	0.00	0.00
sub-total	**0.81**	**0.81**
18.6 Other Provisions		
As per the last balance sheet	1.17	0.04
Add: Additions during the year	1.08	1.17
Less: Payments/adjustments during year	1.17	0.04
sub-total	**1.08**	**1.17**
TOTAL	**691.50**	**651.33**

18.6 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

S.No	PARTICULARS	31.03.2019 (Rs.in crores)	31.03.2018 (Rs. in crores)
a	Claims against the company not acknowledged as debts	0.00	0.00
b	Guarantees	3.16	6.60
c	Other money for which the company is contingently liable :		
	i) Income Tax Demands	18.58	4.26
	ii) Service Tax Demands	0.00	5.45
	iii) Legal cases	886.15	754.30
	iv) Conversion Charges	552.41	552.41
	TOTAL	*1,457.14*	*1,316.42*
	GRAND TOTAL	**1,460.30**	**1,323.02**

Commitments

S.No	PARTICULARS	31.03.2019 (Rs.in crores)	31.03.2018 (Rs. in crores)
a	Other Commitments	396.09	88.92
	TOTAL	**396.09**	**88.92**

	(Rs.in Crores) As at 31-3-2019	(Rs.in Crores) As at 31-3-2018
19 REVENUE FROM OPERATIONS		
Sale of Land, Sheds, etc… less Sales Returns	306.17	413.99
Lease and other rental income	19.20	15.00
Water Demands	33.57	27.35
Interest on Hire Purchase, ORS and lease	5.66	11.59
Other Operating Revenue	10.75	8.07
TOTAL	**375.35**	**476.00**
20 OTHER INCOME		
Interest Income	47.90	22.21
Dividend	0.42	0.51
Other non operating income	13.39	28.05
Income/ (loss) from Joint Ventures/ Associates	4.28	(19.92)
TOTAL	**65.99**	**30.85**
EXPENDITURE		
21 COST OF SALES		
Cost of sales - Land & Sheds	237.88	344.96
TOTAL	**237.88**	**344.96**

	(Rs.in Crores) As at 31-3-2019	(Rs.in Crores) As at 31-3-2018
22 EMPLOYEE BENEFITS EXPENSE		
Salaries and Allowances	29.47	30.75
Contribution towards Provident and other Funds	2.16	2.25
Contribution to Group Gratuity Premium	4.98	0.04
Staff Welfare Expenses	1.43	1.53
TOTAL	**38.04**	**34.57**

22.1 Salaries and Allowances includes managerial remuneration to Directors

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

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

22.3 Managerial Remuneration to Directors

	For the year 2018-19 Rs. in crores	For the year 2017-18 Rs. in crores
Salaries and Allowances	39.87	0.47
Medical Expenses	0.00	0.01
Rent	0.07	0.06
TOTAL	**39.94**	**0.54**

	(Rs.in Crores) As at 31-3-2019	(Rs.in Crores) As at 31-3-2018
23 FINANCE COST		
Interest on Term Loans from banks	53.23	17.30
TOTAL	**53.23**	**17.30**
24 OTHER EXPENSES		
(a) Rebate to allottees on Land Cost	10.59	12.93
(b) Guarantee Commission to GoAP	0.00	40.00
(c) Repairs and Maintainance	0.45	0.30
(d) Expenditure on ERP & Others	1.16	0.15
(e) Grant to AETL	0.00	0.00
(e) ADMINISTRATION & GENERAL EXPENSES		
Travelling Expenses	0.66	0.74
Rent	0.70	0.97
Rates and taxes	0.07	0.28
Vehicle maintenance	2.76	2.22
Electricity charges	3.57	2.85
Water charges	17.24	15.21
R&M - Estates, Preliminary Land Survey Etc.,	1.04	3.53
Insurance	0.01	0.02
Expenditure on Social Welfare	0.56	1.10
Provision for impairment of investments	0.00	2.72
Other expenses	30.64	46.08
sub-total	57.25	75.72
TOTAL (a + b + c + d + e)	**69.45**	**129.10**

24.1 Other Administrative expenses includes the following auditors' remuneration:	(Rs.in lakhs) As at 31-3-2019	(Rs. in Lakhs) As at 31-3-2018
Statutory Audit fee	3.01	3.01
Out of pocket expenses	0.50	0.50
Fee for Audit of Consolidation of Accounts	1.50	1.50
Others	0.00	0.00
Total	**5.01**	**5.01**

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 During the year an amount of Rs. NIL (P.Y Rs. 3.57 Crores) was provided in the Books of Accounts towards Payment of Interest on GST duly adjusting the Input Tax Credit to the Output GST as per the company's calculations which will be finalised on completion of GST Audit and filing of GST Annual Return for the F.Y 2018-19.

24.4 As per section 135 of the Companies Act, 2013, the company is required to spend an amount of Rs. 0.33 crores during the year (P.Y - Rs.0.57 crores) towards expenditure on Corporate Social Responsibility. Accordingly, during the year an amount of Rs.0.55 crore (P.Y - Rs.1.10 crore) was spent towards Corporate Social Responsibility for construction of rythu bazar, cremation shelter, 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 Regorganisation Act, 2014 and the same was approved by the joint Board represented by the Govt. of Andhra Pradesh and Telangana in its 199th meeting held on 02.05.2014 and 202nd meeting held on 26.03.2015 duly authorising the Vice Chairman and Managing Directors of both AP and TS Divisions to make necessary modifications. The same was reviewed and approved by the expert committee constituted by the Government for the purpose and was sent to both the Governments for approval vide its letter dated 16.05.2015.

The Board of APIIC further authorised the Vice Chairman and Managing Director of both the divisions to finalise the modalities and allocation of employees in its 202nd meeting held on 26.03.2015. Accordingly, final allocation of employees to APIIC Limited and TSIIC Limited was made which is subject to scrutiny and approval of the committee appointed/ guidelines issued if any by the Central Government for allocation of employees of PSUs. The assignment of divison 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 prooceedings 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, reconcilation and modification.

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

Book value of total assets of Rs. 3,734.90 crores and liabilities of Rs. 3,509.31 crores as on 01.06.2014 were transferred and vested with Telengana 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.

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

ASSETS		(Rs. In crores)
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
TOTAL ASSETS		**3,734.90**

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

27 Loan from RINL and NTPC are in substance guarantee by the company to RINL and NTPC on behalf of VIWSCO and Govt. of AP. There are no net cash flows in this regard.

28 Basis of Consolidation

Subsidiaries are entities (including special purpose entities) that are controlled by the Company. The Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the equity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. For the purpose of preparing the consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and require unanimous consent for strategic financial and operating decisions. A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Associates are those entities over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is generally presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investments in associates and joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to zero and the recognition of further losses are discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing the consolidated financial statements. Unrealised gains or losses arising from the transaction with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

29 **Financial Information of Subsidary Companies:**

Andhra Pradesh Gas Infrastructure Company Limted (APGIC) :

Particulars	31.03.2019	Rupees in Crores 31.03.2018
Authorised Share Capital		
(10,00,00,000 Equity Shares of Rs. 10/- each)	100.00	100.00
Issued,Subscribed and paid up capital:		
(4,00,00,000 Equity Shares of Rs. 10/- each fully paid)	55.44	55.44
Reserves and Surplus	(117.95)	(118.12)
Total assets	191.05	118.08
Total Liabilities	253.56	180.76
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

Krishnapatnam International Leather Complex Private Limited (KPILC):

Particulars	31.03.2019	Rupees in Crores 31.03.2018
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)	43.36	3.94
Total assets	75.11	32.20
Total Liabilities	31.65	28.16

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.27.17 crores) in Andhra Pradesh Gas Infrastucture Corporation (P) Ltd upto the end of the previous year. Further, an amount of Rs. 24.45 crores was written off in the books of accounts and provision for write down in investments to a tune of Rs. 2.72 crores was made in the books of accounts upto the end of the previous year as the subsidiary company has been incurring losses continuously.

The company holds 51% of shareholding and APGENCO holds 49% of share holding in APGIC as per the Go. Ms. No.222, dated 09.10.2009 of Industries and Commerce (INF) Department whereas the percentage of shareholding of the company as per the books of the subsidiary is 49%. The change of shareholding percentage as per the financial statements of the subsidiary company i.e., 51% for APGENCO and 49% for APIIC is purely temporary. Further, APGENCO has treated its share as 49% and did not consider APGIC as subsidiary while preparing consolidated financial statements.

As the shareholding percentage in the subsidiary as per the books of the accounts of the company and the above Government Order is 51% and as that of APGENCO is 49% as per their financial statements, the company has considered APGIC as subsidiary and consolidated financial statements were prepared accordingly as per INDAS 110 – Consolidated Financial Statements.

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 The accounts for the F.Y 2017-18 are yet to be adopted by the share holders in the Annual General Meeting. Pending adoption of accounts for the previous year (i.e., 2017-18) by the share holders, the accounts for the F.Y 2018-19 are finalised to clear arrears in accounts.

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

AS PER OUR REPORT DATED 19.08.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

Sd/-
POLINENI BALA SRINIVAS
PARTNER
M. NO.: 028536

FOR AND ON BEHALF OF THE BOARD

Sd/-
R KARIKAL VALAVEN, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
R K ROJA
CHAIRPERSON

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

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

PLACE: MANGALAGIRI
DATE : 12.06.2020

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(Rs.in Crores)

Particulars	Current Year (2018-19)	Previous Year (2017-18)
Cash flows from operating activities:		
Net profit before taxation and exceptional items	**38.54**	**(82.76)**
Add: Adjustments for:		
Depreciation and amortisaiton	3.93	3.65
Dividend Income	(0.42)	(0.51)
Interest Expenses	53.23	17.30
Profit / loss on sale of fixed assets	0.00	0.00
Operating profit before working capital changes	**95.28**	**(62.32)**
Add: Adjustments for:		
Inventories	46.32	(32.02)
Trade receivables	(12.57)	19.24
Other current and non current assets	(545.88)	(408.43)
Loans and advances	24.31	180.74
Payables, liabilities and provisions	720.34	143.64
Net Cash Flow from operating activity before Income tax	**327.80**	**(159.15)**
Add: Income tax paid	0.00	(4.91)
Net Cash Flow from operating activities before exceptional items	**327.80**	**(164.06)**
Add: Exceptional item	0.00	0.00
Net Cash Flow from operating activities (I)	**327.80**	**(164.06)**
Cash flows from investing activities:		
Acquisition of fixed assets	(117.02)	(83.31)
Purchase of investments	(6.81)	18.53
Dividend income	0.42	0.51
Sale of fixed assets	0.00	0.00
Net cash flow from investing activities (II)	**(123.41)**	**(64.27)**
Cash flow from financing activities:		
Proceeds from issuance of share capital	0.78	0.00
Grants in aid from Government	40.00	0.00
Proceeds from long term borrowings	0.00	2000.00
Interest paid on long term borrowings	(53.23)	(17.30)
Net cash flow from financing activities (I + II + III)	**(12.45)**	**1982.70**
Net increase in cash and cash equivalents	**191.94**	**1754.37**
Cash and cash equivalents at the beginning of the year	**2001.80**	**247.43**
Cash and cash equivalents at the end of the year	**2193.74**	**2001.80**
This is the Cash flow statement referred to in our report		

AS PER OUR REPORT DATED 19.08.2020
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

Sd/-
POLINENI BALA SRINIVAS
PARTNER
M. NO.: 028536

FOR AND ON BEHALF OF THE BOARD

Sd/-
R KARIKAL VALAVEN, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR

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R K ROJA
CHAIRPERSON

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

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

PLACE: MANGALAGIRI
DATE : 12.06.2020

Independent Auditor's Report

To
The Members of
ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Managalagiri.

I. Report on the Audit of the Consolidated IND AS Financial Statements

1. Qualified Opinion

A. We have audited the accompanying Consolidated Ind AS financial statements of **Andhra Pradesh Industrial Infrastructure Corporation Limited** and its share of profit(s) of its associates, which comprise the Consolidated Balance Sheet as at 31 March 2019, the consolidated Statement of Profit and loss (including Other Comprehensive Income), the Consolidated Cash Flow statement and the Consolidated Statement of Changes in Equity for the year then ended and notes to the Consolidated Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information (here-in-after referred to as "Consolidated Ind AS financial statements").

B. In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the Consolidated State of affairs(Financial Position) of the Corporation as at 31 March 2019, and its Consolidated Profit(Financial Performance including total comprehensive income), its Consolidated cash flows and the Consolidated changes in equity for the year ended on that date.

2. Basis for Qualified Opinion

A. We conducted our audit in accordance with the Standard on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities" for the Audit of the "Consolidated Ind AS Financial Statements" section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Consolidated Ind AS financial statements.

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

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

b) ***Other Equity****: Capital Reserve: Current Year Rs 57.58 Crores (Previous Year Rs.17.58 Crores)*
*An amount of Rs.7.58 Crores received from the Government of Andhra Pradesh as Share Capital vide G.O Nos 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999 and 224 dated 28.05.2002 pending for many years is classified as Capital Reserve. In our opinion, this needs to be classified as share capital pending allotment**(Refer to Statement of changes in consolidated equity)***

c) ***Deposits Received from allottees****: Current year Rs.1370.02 Crores (Previous Year Rs. 1177.91 Crores)*

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

Sl. No.	***Name of the Zone***	***Rs. in crores***
1	*Head Office*	*21.92*
2	*Vijayawada*	*12.90*
3	*Kakinada*	*0.12*
	TOTAL	***34.94***

d) ***Provision for contractual obligations:*** *Current year – Rs. 674.00 Crores (Previous Year – Rs 644.25 Crores)*

Adequacy of Provision: *As per the information and explanations given to us, the Corporation after reviewing various pending contractual obligations at the year-end estimated the provision against contractual obligations as Rs.674 Crores(Previous Year Rs.644.25 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 company (**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.

e) *Inventory Rs. 3636.03 Crores(Previous Year Rs. 3363.78 Crores):*

*Due to non- reconciliation of the deposits and its impact on revenue as per Comment No. c above, we are not in a position to quantify the impact on inventory and not in a position to confirm the value of the inventory(**Refer Note No: 7)***

f) *Non Conformity of Indian Accounting Standards 115*
Revenue Recognition–Sale of Land, Sheds etc. Rs. 306.17 Crores (Previous Year Rs. 413.99 Crores): (Refer Accounting Policy No. 2.10)

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

1: Identify the contracts with the customers

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

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

2: Identifying separate performance obligations

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

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

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

3: Determine the Transaction Price

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

4: Allocate the transaction price to the performance obligations

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

5: Revenue Recognition when performance obligations are satisfied

- *Performance obligation is satisfied over time or at a point in time.*
- *Performance obligation is satisfied over time if one of the criteria is met out of three:*

  The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs

  The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or

  The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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

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

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

Revenue is to be recognised basis the Steps indicated in the Ind AS 115. Corporation recognised the Revenue upon entering into Agreement of sale with the allottees on receipt of full consideration, without identifying performance obligations in the contracts with the allottees and without allocating the transaction price to the performance obligations and without testing for the satisfaction of identified performance obligations for the transferring of the promised good or service to Allottees. As the Corporation has not identified for each of the performance obligation, and has not determined at contract inception whether it satisfies the performance obligation over time or at a point in time and has not arrived at the conclusion for the tests as to if the Corporation does or does not satisfy a performance obligation is not satisfied over time, then the same will be satisfied at a point in time, and in the light of the foregoing, the corporation has not adhered to Ind As -115 "Revenue From Contracts with Customers" while adapting the Revenue recognition policy. Hence 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.

g) ***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:

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

ii) *The Profit or Loss of the corporation has been understated.*

iii) *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 tantamount to non-compliance of Ind As-18: Revenue Recognition ***(Refer Note No: 26)***

3. **Emphasis of Matter**:

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

1) **Drawal of Consolidated Ind AS Financial Statements excluding Telangana region**:

   Based on the approval of demerger scheme by the expert committee on 16.05.2015 the Consolidated 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 NoteNo: 25)**

2) **Provision for leave encashment**:

   The company has an year end provision towards leave encashment in respect of Employees (Other Long Term Employee Benefits) i.e., Current year Rs.9.54 Crores (Previous Year Rs.10.54 Crores) as per the actuarial valuation which is not in line with actuarial valuation method as per Ind AS -19.**(Refer Note No: 13)**

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: 16.2.1)** are yet to be confirmed and reconciled

4) **GST Liability** :

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

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

5) **Finalisation and approval of accounts for the year 2018-19 pending adoption of accounts for the F.Y. 2017-18 by the shareholders in the AGM**

   Pending adoption of accounts of the previous financial year, the company has finalised and approved the accounts for the FY 2018-19 to clear the arrears in accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements

4. **Key Audit Matters**

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

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

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

   A. The Corporation's management is responsible for the preparation of the other information. The other information comprises the information included in director's report and annexure but does not include the Consolidated Ind AS financial statements and our auditor's report thereon. The director's report and annexure is expected to be made available to us after the date of this auditor's report. Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

   B. In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Corporation's financial reporting process.

7. **Auditor's Responsibilities for the Audit of the Consolidated Ind As Financial Statements**

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

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

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

   ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Corporation has adequate internal financial controls system in place and the operating effectiveness of such controls

   iii) Evaluate the appropriate of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

C. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

D. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

E. From the matters communicated with those charged with governance, we determine these matters that were of most significance in the audit of the Consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The Consolidated Ind AS financial statements include the corporation share of net profit of Rs.21.44 crores including other comprehensive income for the year ended 31.03.2019 as considered in consolidated Ind AS financial statements, in respect of its subsidiaries, joint ventures and associates, whose financial statements have not been audited by us. These financial statements have been audited by the other auditors whose reports except Krishnapatnam International Leaher Complex Pvt Ltd have been furnished to us by the management and our opinion on consolidated Ind AS financial statements, is so far it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates and our report in terms of sub section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and out report on Other Legal and Regulatory Requirement below, is not modified in respect of above matters with respect to our reliance on the work done and the reports of the other auditors furnished to us by the management.

II. Report on Other Legal And Regulatory Requirements

1. Companies(Auditor's Report) Order, 2016(the "Order") issued by the Central Government of India in terms of Section 143(11) of the Act, is not applicable on consolidated Ind AS financial statements.
2. As required by Section 143(3) of the Act, we report that:
   A. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS financial statements;

   B. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated financial statements have been kept by the Corporation so far as it appears from our examination of those books and the reports of the other auditors;

   C. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated cash flow statement and the Consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account for the purpose of the Consolidated Ind AS financial statements;

   D. Except for the matters described in "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid Consolidated Ind As financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued there under,

   E. In accordance with Notification No. G.S. R. 463 (E), dated 5 June 2015, the requirement of section 164(2) of the Companies Act, 2013 is not applicable to Government Companies.

F. With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in **Annexure**; and

G. As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Corporation.

H. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies(Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:

i. The Corporation has disclosed the impact of pending litigations on its financial position in its Consolidated AS financial statements as at 31.03.2019.

ii. The Corporation and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Corporation and its associates;

For POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S

Place: Guntur
Date: 19.08.2020

Sd/-
(POLINENI BALA SRINIVAS)
Partner
M.No.028536
UDIN:20028536AAAAEI6752

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

(Referred to in Paragraph II(2)(f) of 'Independent Auditor's Report' of our report of even date)

We have audited the internal financial controls over financial reporting of **ANDHRA PRADESH INDSUTRIAL INFRASTRUCTURE CORPORATION LIMITED**("the Corporation") as at 31st March 2019 in conjunction with our audit of the Consolidated Ind AS financial statements of the Corporation and its associates for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial controls over Financial Reporting

A Corporation's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Corporation's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the Consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal controls stated in the guidance note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S

Sd/-
(POLINENI BALA SRINIVAS)
Partner
M.No.028536
UDIN:20028536AAAAEI6752

Place: Guntur
Date: 19.08.2020

महालेखाकार (लेखापरीक्षा) का कार्यालय
आंध्र प्रदेश
Office of the Accountant General (Audit)
Andhra Pradesh

Lr. No. AG (AUDIT)/AP/TSC(PSUs)/AA/APIIC/2021-22/38 **Date:** 27-09-2021

To
The Managing Director,
Andhra Pradesh Industrial Infrastructure Corporation Limited
D.No.59A-20-2/3A,1st, 2nd & 3rd Floors, Sri Siva Complex,
Fun Times 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 Consolidated Financial Statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2019.

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 financial statements of your Company for the year 2018-19 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 be 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 2018-19 for being placed before the Legislature may also be intimated. The date on which Annual Report is tabled in the Legislature may also be intimated.

4. Five copies of the annual report for the year 2018-19 are to be furnished to this office without fail.

Yours faithfully,

Sd/-
Deputy Accountant General/AMG-II

Encl: As above

website : www.cag.gov.in/ag/andhra-pradesh/en email : agauandhrapradesh@cag.gov.in

ANNEXURE - I

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 2019

The preparation of the Consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2019 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 19.08.2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2019 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 matter(s) under Section 143(6)(b) read with Section 129 (4) of the Act, which have come to my attention and which in my view are necessary for enabling a better understanding of the consolidated financial statements and the related audit report.

A. Comments on Financial Position
Balance Sheet
Other Non- Current Liabilities (Note 15)
Land Conversion Charges: ₹262.93 crore

1. Government of Andhra Pradesh amended the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 vide Act No.13 of 2018, which came into force from 01.02.2018. As per Section 7(g) of the amended Act, exemption from the provisions of the Act, 2006 was extended to lands allotted to the Company (APIIC) from only 01.02.2018 and there was no provision for retrospective exemption. Instead of recognizing liability payable to GoAP towards conversion charges for those lands allotted up to 01.02.2018, the Company disclosed contingent liability of ₹552.41 crore as on 31.03.2019 for the period up to 2014-15. Further, liability for the years 2015-16, 2016-17 and 2017-18 works out to minimum of ₹30.93 crore was not provided for. This resulted in understatement of 'Other Non-Current Liabilities and Inventories by minimum of ₹583.34 crore each and overstatement of 'Contingent Liabilities' by ₹552.41 crore.

B. Comments on Disclosures
Notes to the Consolidated Financial Statements
Investments (Note - 5.1)

2. Reference is invited to disclosure under Note 5.1 to Financial Statements regarding Company's investments in equity shares of other Companies. However, certificates in respect of investments in three Company's viz. Hyderabad Information Technology Venture Enterprises Ltd, Cyberabad Trustee Company (P) Ltd. and Cyberabad Trustee Company (P) Ltd. - HIVE Fund, were not available. Thus, Audit could not ascertain the correctness of the Company's investment of ₹1.12 crore shown against the Companies.

C. Comments on Independent Auditors' Report

3. As per Item No. 2(B)(g) of Independent Auditors Report, Assets and Liabilities and Profit or Losses pertaining to Industrial Area Local Authority (IALA) were not brought into the books of accounts and they were not in a position to quantify the impact due to failure on the part of the management to provide the necessary information. Further, by not clubbing the income of IALAs would tantamount to non-compliance of Ind AS-18 (Revenue Recognition) (Refer Note No: 26).

However, the qualification in Auditor's Report is not correct in the context of IALA's nature of transactions explained in Note 26 of Financial Statements and in view of the fact that Ind AS-18 was withdrawn from 1st April 2018.

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

Sd/-

(HEMA MUNIVENKATAPPA)
Accountant General/Audit
महालेखाकार / ले.प.

Place: Vijayawada
Date: 27**-09-2021**