



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

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

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

INDEX

S.No.	Contents	Page No.
1.	Notice of Annual General Meeting	01-04
2.	Director's Report for the Financial Year 2020-21	05-48
3.	Balance Sheet as at 31st March 2021	49-49
4.	Profit and Loss Statement for the year ended 31st March 2021	50-51
5.	Accounting Policies for the year ended 31st March 2021	52-57
6.	Notes to Accounts for the year ended 31st March 2021	58-75
7.	Cash Flow Statement for the year ended 31st March 2021	76-76
8.	Independent Auditor's Report on the Financial Statements for the year ending 31st March 2021	77-90
9.	Comments of the Comptroller and Auditor General of India on the Financial Statements of the Company for the year ended 31st March 2021	91-94
10.	Consolidated Balance Sheet as at 31st March 2021	95-95
11.	Consolidated Profit & Loss Statement for the year ended 31st March 2021	96-97
12.	Consolidated Accounting Policies for the year ended 31st March 2021	98-103
13.	Consolidated Notes to Accounts for the year ended 31st March 2021	104-122
14.	Consolidated Cash Flow Statement for the year ended 31st March 2021	123-123
15.	Independent Auditor's Report on the Consolidated Financial Statements for the year ending 31st March 2021	124-135
16.	Comments of the Comptroller and Auditor General of India on the Consolidated Financial Statements of the Company for the year ended 31st March 2021	136-141

GENERAL INFORMATION

BOARD OF DIRECTORS :

a) Chairman:

1.	Smt R K Roja, MLA, Nagiri	From 14-08-2019 to 09-07-2021
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b) Vice-Chairman & Managing Director:

2.	Sri Rajat Bhargava, IAS	From 01-01-2020 to 04-05-2020
3.	Sri R. Karikal Valaven, IAS, Vice-Chairman & Managing Director (FAC)	From 04-05-2020 to 23-11-2020
4.	Sri K.Raveen Kumar Reddy, IRTS, Vice-Chairman & Managing Director	From 23-11-2020 to 22-05-2021

c) Directors:

During the Financial Year 2019-20, the following are the Members of the Board

5.	Smt R K Roja, MLA, Nagari	From 14-08-2019 to 09-07-2021
6.	Sri Rajat Bhargava, IAS	From 27-11-2019 to 29-04-2020
7.	Sri R. Karikal Valaven, IAS	From 29-04-2020 to 27-01-2021
8.	Sri Rajat Bhargava, IAS	From 01-01-2020 to 04-05-2020
9.	Sri R. Karikal Valaven, IAS	From 04-05-2020 to 23-11-2020
10.	Sri Raveen Kumar Reddy, IRTS	From 23-11-2020 to 22-05-2021
11.	Sri I. Mohan Rao	From 27-01-2021 to 14-06-2021
12.	Dr.Veera Venkata Satyanarayana Kadiyam, IRAS	From 27-11-20219 to Till date
13.	Sri Nagulapalli Srikant, IAS	From 23-10-2019 to 24-01-2022
14.	Sri J.V.N. Subramanyam, IAS	From 23-10-2019 to 23-10-2021
15.	Sri Kartikeya Mishra, IAS	From 01-03-2020 to 17-04-2021
16.	Sri VivekYadav, IAS	From 27-11-2019 to 03-02-2021
17.	Sri G. SRKR Vijay Kumar, IAS	From 03-02-2021 to 24-01-2022

COMPANY SECRETARY

Sri M. Siva S Reddy

BANKERS

Union Bank of India

State Bank of India

HDFC Bank

Kotak Mahindra Bank

Bank of India

Canara Bank

AUDITORS

Statutory Auditors

M/s. Polineni Associates

Chartered Accountants

6-12-47, 12/1-Arundelpet,

Guntur- 522002

COST AUDITORS

M/s. K.G.Goyal Associates

4A, Pocket-II, Phase-III

New Delhi - 110096

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

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

NOTICE

Notice is hereby given that the Adjourned 48th Annual General Meeting of the Members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held on Thursday, the 21st day of December, 2023 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 2020-21 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 2021, Directors Report, Statutory Auditors Report, final Comments of the Comptroller and Auditor General of India and replies of the management thereon.

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

Place: Mangalagiri
Date : 19.12.2023

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: 4th Floor, Parisrama Bhavan, 5-9-58/B, Fateh Maidan 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 48th Annual General Meeting of the Members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held at a Shorter Notice on Monday, the 20th day of September, 2021 at 11.00 A.M at the Corporate Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. Adoption of financial statements:

To receive and adopt the financial statements including the consolidated financial statements of the company for the Financial year 2020-21 containing Balance Sheet, Profit & Loss statement and Cash flow statements, accounting policies, Notes to Accounts, Consolidated Balance Sheet, Consolidated Profit & Loss Statement, Consolidated Cash Flow Statement, Consolidated Notes to Accounts for the year ending 31st March 2021, Directors Report along with the Auditor's & Comptroller and Auditor General of India report.

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

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

SPECIAL BUSINESS:

3. To Alter the Article 70 of Articles of Association:

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

"RESOLVED THAT pursuant to the provisions of section 149(1) of the Companies Act, 2013 and rules made thereunder, including any amendment(s), thereto from time to time, consent of the members be and is hereby accorded to increase the limit on maximum number of directors of the company from 15 (Fifteen) to 21 (Twenty One)."

"FURTHER RESOLVED THAT pursuant to the provisions of section 14 of the Companies Act, 2013 and other applicable provisions, if any, consent of the members be and is hereby accorded for alteration of the Articles of Association of the company as follows:

The Article 70 of Articles of Association of the company be and is hereby substituted as follows:

"Unless otherwise determined by the Government the total number of Directors, both ex-officio directors and Directors other than Ex-officio Directors of the Company shall neither be less than two or more than 21 (Twenty One)."

"FURTHER RESOLVED THAT the Managing Director and the Company Secretary of the Company be and is hereby severally authorised to sign and submit necessary forms with the Registrar of Companies, Hyderabad as may be required and to do all such acts, deeds and take steps as may be necessary and incidental to give effect to the foregoing resolutions."

4. Ratification of remuneration of Cost Auditors for the Financial Year 2017-2018:

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of Rs. 2,40,000 (Rupees Two Lakh Forty thousand only) plus applicable taxes and out of pocket expenses payable to M/s. Shivan & Co., Cost Accountants, Narasaraopet for conducting cost audit of the company for the financial year 2017-18, as approved by the Board of Directors of the Company, be and is hereby ratified."

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

5. Ratification of remuneration of Cost Auditors for the Financial Year 2018-2019:

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of Rs. 2,40,000 (Rupees Two Lakh Forty thousand only) plus applicable taxes and out of pocket expenses payable to M/s. Shivan & Co., Cost Accountants, Narasaraopet for conducting cost audit of the company for the financial year 2018-19, as approved by the Board of Directors of the Company, be and is hereby ratified."

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

6. Ratification of remuneration of Cost Auditors for the Financial Year 2019-2020:

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of Rs. 2,40,000 (Rupees Two Lakh Forty thousand only) plus applicable taxes and out of pocket expenses payable to M/s. Shivan & Co., Cost Accountants, Narasaraopet for conducting cost audit of the company for the financial year 2019-20, as approved by the Board of Directors of the Company, be and is hereby ratified."

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

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

Place: Mangalagiri

Date : 17-09-2021

Notes:

1. 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.
2. The Explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

Explanatory statement pursuant to section 102 of the Companies Act, 2013:

For item no.3

The Board of Directors proposes for an amendment in the existing Article 70 of Articles of Association of the Company, keeping in view of the proposed changes to the composition of the Board of Directors by induction of new directors by the Government of Andhra Pradesh, which will result in exceeding the maximum limit on number of directors as prescribed under the Companies Act, 2013.

According to section 149(1) of the Act, the composition of the Board of Directors of a company can only have a maximum of fifteen directors who are individuals. However, a company may appoint more than 15 directors after passing a special resolution in the general meeting of the members of the company.

Pursuant to section 14 of the Act, member's approval by way of passing of a special resolution is required for alteration of Articles of Association.

Accordingly, consent of the members of the company is sought for passing special resolution as set out at Item No.3 of the Notice.

None of the Directors and key Managerial Personnel of the company, including their respective relatives, is concerned or interested, financially or otherwise, in the foregoing resolution.

For item No.4, 5 & 6:

The company is required to have the audit of its cost records conducted by a cost accountant in practice under Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014.

The Board of Directors in its 227th Meeting held on 14.12.2020 has approved the appointment and remuneration of M/s. Shivan & Co., Cost Accountants as cost Auditors to conduct the audit of the cost records of the Company for the financial years ending 31st March 2018, 31st March 2019 and 31st March 2020.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary resolution as set out at item No's. 4, 5 & 6 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial years ending 31st March 2018, 31st March 2019 and 31st March, 2020.

The Board commends the Ordinary Resolution set out at item No's. 4, 5 & 6 of notice for approval by the members.

None of the Directors or key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution set out at item No's. 4, 5 & 6 of the accompanying notice.

BY ORDER OF THE BOARD
FOR APIIC LIMITED

Sd/-

M. Siva S Reddy
Company Secretary

Place: Mangalagiri

Date : 17-09-2021

BOARD OF DIRECTOR'S REPORT

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

The Board of Directors presents the 48th Annual Report (Adjourned 48th AGM) on the business and operations of the Company and its Audited Statement of Financial statements for the year ended 31st March, 2021 together with the Auditors Reports and comments on the Accounts by the Comptroller and Auditor General (C&AG) of India.

CHANGE IN THE STATE OF COMPANY'S AFFAIRS

There has been no change in the business of the Company during the financial year ended 31st March 2021.

FINANCIAL RESULTS:

The performance of the Company during the year 2020-21 vis-a-vis the previous year is summarized in the table below :

	(Amount in Rs. Crores)	
Financial Results	Year ended 31 st March, 2021	Year ended 31 st March, 2020
(a) Turnover (including Other Income)	310.32	687.64
(b) Net Profit/Loss (before depreciation and tax)	46.04	39.66
Less : Depreciation	(5.35)	(4.98)
(c) Net Profit/(Loss) before tax	40.69	34.68
Less : Tax expenses (including for deferred tax)	(16.56)	(7.45)
(d) Net Profit/(Loss) after tax	24.13	27.23

ACCOUNTING SYSTEM:

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

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

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

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

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

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

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

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

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

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

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

MEETINGS OF THE BOARD

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

S.No.	Name of the Director	BM No.224 12.06.2020	BM No.225 07-09-2020	BM No.226 21-09-2020	BM No.227 14-12-2020	BM No.228 22-03-2021
1.	Smt. R.K. Roja	Yes	Yes	Yes	Yes	Yes
2.	Sri R. Karikal Valaven, IAS	Yes	Yes	Yes	Yes	NA
3.	Sri J.V.N. Subramanyam, IAS	Yes	Yes	Yes	Yes	No
4.	Sri K.V.V. Satyanarayana, IAS	No	No	No	Yes	No
5.	Sri Srikanth Nagulapalli, IAS	No	No	No	No	NA
6.	Sri Kona Sasidhar, IAS	No	NA	NA	NA	NA

7.	Sri Karthikeya Misra, IAS	No	No	No	No	No
8.	Sri Vivek Yadav, IAS	No.	No	No	No	NA
9.	Sri Bhanupraksh Yeturu, IAS	NA	No	No	No	NA
10.	Sri Raveen Kumar Reddy, IRTS	NA	NA	NA	Yes	Yes
11.	Smt G.Jaya Lakshmi, IAS	NA	NA	NA	NA	Yes
12.	Sri I. Mohan Rao	NA	NA	NA	NA	Yes

DIRECTORS:

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

S.No.	Name of the Director	Date of appointment	Date of Cessation
1.	Smt R K Roja, MLA, Nagari	14.08.2019	09.07.2021
2.	Sri Rajat Bhargava, IAS	27.11.2019	29.04.2020
3.	Sri R. Karikal Valaven, IAS	29.04.2020	27.01.2021
4.	Sri Rajat Bhargava, IAS	01.01.2020	04.05.2020
5.	Sri R. Karikal Valaven, IAS	04.05.2020	23.11.2020
6.	Sri Raveen Kumar Reddy, IRTS	23.11.2020	22.05.2021
7.	Sri I. Mohan Rao	27.01.2021	14.06.2021
8.	Dr.Veera Venkata Satyanarayana Kadiyam, IRAS	27.11.2019	Till date
9.	Sri Nagulapalli Srikant, IAS	23.10.2019	24.01.2022
10.	Sri J.V.N. Subramanyam, IAS	23.10.2019	23.10.2021
11.	Sri Kartikeya Mishra, IAS	01.03.2020	17.04.2021
12.	Sri VivekYadav, IAS	27.11.2019	03.02.2021
13.	Sri G. SRKR Vijay Kumar, IAS	03.02.2021	24.01.2022

KEY MANAGERIAL PERSONNEL:

1.	Sri Rajat Bhargava, IAS	From 01.01.2020 to 04.05.2020
2.	Sri R. Karikal Valaven, IAS, Vice-Chairman & Managing Director (FAC)	From 04.05.2020 to 23.11.2020
3.	Sri K.Raveen Kumar Reddy, IRTS, Vice-Chairman & Managing Director	From 23.11.2020 to 22.05.2021
4.	Sri Siva Satyanarayana Reddy Manda Company Secretary, APIIC Limited	From 01-05-2006 to till date

DIVIDEND

In order to conserve the resources for further growth of the Company, the Directors on Board of APIIC do not recommended payment of dividend on the equity shares for the FY 2020-21.

RESERVES AND SURPLUS:

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

EXTRACT OF ANNUAL RETURN :

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

COST AUDITORS:

The Company has appointed M/s. K.G.Goyal Associates, New Delhi to conduct cost audit and issue report thereon. The Company has obtained the report for the year 2020-2021.

INTERNAL AUDITORS:**Internal Auditors of the Company for the FY 2020-2021**

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

SECRETARIAL AUDIT REPORT :

As per the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under, the company has appointed Mr. N. V. S. S. Suryanarayana Rao, Practicing Company Secretary to conduct secretarial audit of the records and documents of the company for the financial year 2020-21. The Secretarial Audit Report for the financial year ended 31st March, 2021 in Form MR-3 is annexed hereto (ANNEXURE-B) and forms part of this Report. Secretarial Audit Report does not contain any qualification or adverse observation.

CORPORATE GOVERNANCE PRACTICE:

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

POLICY ON DIRECTOR'S APPOINTMENT, REMUNERATION AND OTHER DETAILS

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

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

DEPOSITS

The company has not accepted any deposits from Public. Therefore, the requirement of Chapter V of the Companies Act, 2013 is not applicable to it. There were no outstanding public deposits pending as on 31st March, 2021.

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.	APIIC Food Park (Krishna District) Limited	100	10000	10	1,00,000
2.	AP Bulk Drug Infrastructure Corporation Limited	100	100000	10	10,00,000
3.	Tirupati Electronics Manufacturing Cluster Limited	100	100000	10	10,00,000
Investments in Joint Ventures					
4.	Atchutapuram Effluent Treatment Limited	73.64	41158800	10	41,15,88,000
5.	Andhra Pradesh Gas Infrastructure Corporation Private Limited	51	27,16,600	10	2,71,66,000
6.	Krishnapatnam International Leather Complex Private Limited	51	51,000	10	5,10,000
7.	NICDIT Krishnapatnam Industrial City Development Limited	50	453224284	10	4,53,22,42,840
8.	Visakhapatnam Industrial Water Supply Company Limited	49	2,20,27,071	10	22,02,70,710
9.	Bhagyanagar Gas Limited	2.49	22,30,961	10	2,23,09,610
10.	Andhra Pradesh Gas Distribution Corporation Limited	7.65	58,70,849	10	5,87,08,490

Investment in Associate Co's

11.	Ace Urban Hitech City Limited (formerly L&T Hitech City Limited)	26	52,00,000	10	5,20,00,000
12.	KP Agri Warehousing Company Private Limited	26	26000	10	2,60,000
13.	Andhra Pradesh Aerospace & Defence Electronics Park Private Limited	26	1,30,00,000	10	13,00,00,000
14.	Bhartiya International SEZ Limited	11.05	15,00,000	10	1,50,00,000
15.	Ramky Pharma City (India) Limited	11	19,80,000	10	1,98,00,000
16.	Ace Urban Infocity Limited	6.42	11,54,736	10	1,15,47,360
17.	Hyderabad Information Technology Venture Enterprises Limited	4.86	12,145	10	1,21,450
18.	Cyberabad Trustee Company Private Limited	4.86	2,429	10	24,290
19.	Vizag IT Park Limited	0.49	44,000	10	4,40,000

PARTICULARS OF RELATED PARTY TRANSACTIONS

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

PARTICULARS OF EMPLOYEES

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

DETAILS OF COMPANY'S CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Particulars	2020-21	2019-20
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	NIL	NIL

COMMENTS OF STATUTORY AND C&AG AUDITORS :

The observations / comments of Statutory auditors and C&AG auditors under Section 143(6) of the Companies Act, 2013 on the accounts of the Corporation for the year 2019-20 and replies of the management thereto are attached as ANNEXURE-E.

INTERNAL FINANCIAL CONTROLS :

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

AUDIT COMMITTEE:

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

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

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

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

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

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

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

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

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

DISCLOSURE UNDER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

That in the preparation of the accounts for the financial year ended 31st March, 2021 the applicable accounting standards had been followed along with proper explanation relating to material departures;

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

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

That the directors have prepared the accounts for the financial year ended 31st March, 2021 on a going concern basis.

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

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the co-operation and support extended by the 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/-

G. Prabhakar Reddy

Director

DIN: 10279974

Place: Mangalagiri

Date : 19-12-2023

Sd/-

Pravin Kumar, IAS

VC&MD

DIN: 07106418

Extract of Annual Return**As on the Financial Year ended on 31.03.2021**

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

5.	Andhra Pradesh Gas Infrastructure Corporation Private Limited	U11100AP2009SGC107233	Joint Venture	51
6.	Krishnapatnam International Leather Complex Private Limited	U19115TG2008SGC060643	Joint Venture	51
7.	NICDIT Krishnapatnam Industrial City Development Limited	U45200AP2018PLC108963	Joint Venture	50
8.	Visakhapatnam Industrial Water Supply Company Limited	U90009AP1999PLC032051	Joint Venture	49
9.	Bhagyanagar Gas Limited	U40200TG2003PLC041566	Joint Venture	2.49
10.	Andhra Pradesh Gas Distribution Corporation Limited	U11100AP2011SGC106844	Joint Venture	7.65
11.	Ace Urban Hitech City Limited	U70102TG2007PLC053938	Associate	26
12.	KP Agri Ware Housing Company Private Limited	U63023AP2014PTC093639	Associate	26
13.	Andhra Pradesh Aerospace & Defence Electronics Park Private Limited	U45206AP2015PTC097806	Associate	26
14.	Bhartiya International SEZ Limited	U74999DL2007PLC159827	Associate	11.05
15.	Ramky Pharma City (India) Limited	U24239TG2004PLC042855	Associate	11
16.	Andhra Pradesh Gas Distribution Corporation Limited	U11100AP2011SGC106844	Associate	7.65
17.	Ace Urban Infocity Limited	U72200TG1997PLC026885	Associate	6.42
18.	Hyderabad Information Technology Venture Enterprises Limited	U72200TG1998PLC029282	Associate	4.86
19.	Cyberabad Trustee Company Private Limited	U72200TG1999PTC033128	Associate	4.86
20.	Vizag IT Park Limited	U45200AP2003PLC041374	Associate	0.49

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	total	% of total shares	Demat	Physical	total	% of total shares	
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									
g) NRIs-Individuals									
h) other-individuals									
i) Bodies Corp.									
j) Banks/FI									
k) 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) FIs									
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)			3				3		Nil
C. SHARES HELD BY CUSTODIAN FOR GDRS &ADRS									
GRAND TOTAL (A+B+C)			95222	100			95222	100	Nil

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

S. No	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Governor of Andhra Pradesh	95219	100	95219	100
2	Sri Mohana Rao Inapanuri	1		1	
3	Sri P. Venkateswara Rao	1		1	
4	Sri T. Srinivasulu	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 2019-20.

V. INDEBTEDNESS

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

(Amount in crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	2000.00			2000.00
ii) Interest due but not paid				
iii) Interest accrued but not due	114.02			114.02
Total (i + ii + iii)	2114.02	-	-	2114.02
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction				
Net Change	-	-	-	-

Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	2000.00			2000.00
ii) Interest due but not paid				
iii) Interest accrued but not due	81.83			81.83
Total (i + ii + iii)	2081.83	-	-	2081.83

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.

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/-
G. Prabhakar Reddy
Director
DIN: 10279974

Sd/-
Pravin Kumar, IAS
VC&MD
DIN: 07106418

Place: Mangalagiri

Date: 19.12.2023

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of
the Companies (Appointment and Remuneration of Managerial
Personnel) Rules, 2014]

To

The Members,

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE

CORPORATION LIMITED (CIN: U99999TG1973SGC001630)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED** (hereinafter called the "Company") for the financial year ended on 31st March, 2021. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); -Not Applicable-
- (vi) Other laws specifically applicable to the Company as identified and confirmed by the Management. I have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
 - (ii) The Listing Agreement entered into by the company with the Stock Exchange. -Not Applicable-

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

I further report that

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

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

Majority decision is carried through while the dissenting members' views if any are captured and recorded as part of the minutes.

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

I further report that during the audit period the Company has no specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Sd/-

N.V.S.S. Suryanarayana Rao

Company Secretary in Practice

ACS Membership Number: 5868

Certificate of Practice Number: 2886

Peer Review Certificate No. 1506/2021

UDIN:

Hyderabad, 24th November 2023

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

**To
The Members,
ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE
CORPORATION LIMITED (CIN: U99999TG1973SGC001630)**

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

- 1.** Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2.** I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- 3.** I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4.** Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5.** The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6.** The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

N. V. S. Suryanarayana Rao

Company Secretary in Practice

ACS Membership Number: 5868

Certificate of Practice Number: 2886

Peer Review Certificate No. 1506/2021

UDIN:

Hyderabad, 24th November 2023

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 2021, 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 31.03.2021
	AP Gas Infrastructure Corporation Pvt. Ltd.,	Subsidiary	0.05	1.93
	Krishnapatnam International Leather Complex Private Limited	Subsidiary	0.00	29.29
	Atchutapuram Effluent Treatment Limited (Acc. Interest)	Joint Venture	0.21	2.80
	APIIC Food Park (Krishna) District Limited	Subsidiary	20.45	49.99
	Tirupati Electronics Manufacturing Cluster Limited	(pending allotment of shares)	0.00	0.00
	Visakhapatnam Industrial Water Supply Company Limited (Acc. Interest on Secured Loan)	Joint Venture	-31.26	82.76
	TOTAL		-10.55	166.82

For and on behalf of the Board of APIIC Limited

Sd/-
G. Prabhakar Reddy
Director
DIN: 10279974

Sd/-
Pravin Kumar, IAS
VC&MD
DIN: 07106418

Place: Mangalagiri

Date: 19.12.2023

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

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

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

2. The composition of the CSR committee:

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

- ◆ Chairperson, APIIC
- ◆ VC&MD, APIIC
- ◆ Special Secretary to Govt., Finance Department"

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. 15,42,00,000/-.

Financial Year	Net Profit for Computation of CSR (Amount in Cr.)
2017-18	(2.41)
2018-19	21.44
2019-20	27.23
Total	46.26

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. 30,84,000/-

5. Details of CSR spent during the financial year 2020-21.**a) Total amount to be spent for the financial year: **Rs. 30,84,000/-****

During the Financial Year, the Company allocated CSR Expenditure Rs.63,07,533/-

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

S.No	Name of the Work	Amount (Rs.)
1.	Earth filling for low lying areas, construction of Retaining wall, Construction of Rural Live Stock Centre and providing electrification & RYM to the existing Street Lights at Veduruvada Village, Atchuthapuram Mandal, Visakhapatnam	45,82,198.00
2.	Construction of CC Roads, Bus Shelter & Community Halls at R&R Colony, Dibbapalem, Atchuthapuram, Visakhapatnam	17,25,335.00
	TOTAL	63,07,533.00

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/-
G. Prabhakar Reddy
Director
DIN: 10279974

Sd/-
Pravin Kumar, IAS
VC&MD
DIN: 07106418

Place: Mangalagiri

Date: 19.12.2023

ANNEXURE – E(a)

Replies to the observations of the statutory auditor on the Standalone Financial Statements for FY 2020-21

Sl. No.	Observation of the Statutory Auditor	Reply of the Company									
1	<p>Equity Share Capital: Current year amount of Rs.9.52 Crores (Previous Year Rs.9.52 Crores)</p> <p>The Equity Share Capital of Rs.9.52 Crores (Previous Year Rs.9.52 Crores) is subject to reconciliation with the Government of Andhra Pradesh (Refer Note No: 11)</p>	<p>The paid up share capital of the company was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 9.52 crores w.e.f. 02.06.2014.</p> <p>The paid up share capital account is under reconciliation with the advances section of o/o Principal Accountant General.</p>									
2	<p>Other Equity: Capital Reserve: Current Year Rs.7.58 Crores (Previous Year Rs.7.58 Crores)</p> <p>An amount of Rs.7.58 Crores received from the Government of Andhra Pradesh as Share Capital vide G.O 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)</p>	<p>The Capital Reserve as per the books of accounts of the company as on 01.06.2014 was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 7.58 crores w.e.f. 02.06.2014.</p> <p>The capital reserve amount pertains the EPIP Grant which was sanctioned to the Company as Investment in APIIC by the Government. Later, the company was directed to treat it as a Grant in the Inter Ministerial Steering Committee meeting held on 4th & 5th of April, 2000. But, no orders were received so far converting Equity as a Grant. The matter is under persuasion.</p> <p>The treatment will be reviewed and necessary action will be taken on reconciliation of the Equity with office of the Principal Accountant General.</p>									
3	<p>Deposits Received from Allottees: Current year Rs.1439.62 Crores (Previous Year Rs. 1402.77 Crores)</p> <p>This includes unreconciled amounts with Head office and Zonal offices which are yet to be reconciled (Refer Note No: 17)</p> <table border="1"> <thead> <tr> <th>Sl. No.</th><th>Name of the Zone</th><th>Rs. in Crores</th></tr> </thead> <tbody> <tr> <td>1</td><td>Head Office</td><td>11.01</td></tr> <tr> <td>2</td><td>Vijayawada</td><td>61.16</td></tr> </tbody> </table>	Sl. No.	Name of the Zone	Rs. in Crores	1	Head Office	11.01	2	Vijayawada	61.16	<p>The amounts deposited by the allottees were reviewed and the schedule showing party wise details of deposits was prepared. With respect to the un-reconciled deposits mentioned, was also reconciled and further reconciliation is in progress.</p>
Sl. No.	Name of the Zone	Rs. in Crores									
1	Head Office	11.01									
2	Vijayawada	61.16									

	TOTAL	72.17	
4	<p>Provision for contractual obligations: Current year – NIL (Previous Year – Rs 1043.30 Crores)</p> <p>Adequacy of Provision: As per the information and explanations given to us, the Corporation after reviewing various pending contractual obligations at the year-end estimated the provision against contractual obligations as NIL (Previous Year Rs. 1043.30 Crores) and accordingly not provided any provision during the year. We are not clear, whether the non-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)</p> <p>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.</p>	<p>The Audit Comment is self explanatory.</p> <p>The provision for Contractual Obligations is being reviewed from time to time and necessary provision is being made accordingly. Hence, the provision shown in the Financial Statements is adequate.</p> <p>As the provision for Contractual Obligations is reviewed on yearly basis, the same was disclosed under Short Term Provisions.</p>	
5	<p>Inventory Rs. 3213.89 Crores (Previous Year Rs. 3645.52 Crores):</p> <p>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)</p>	<p>The inventory is being reviewed from time to time and reflected in the financial statements accordingly.</p> <p>There is no impact on the inventory due to reconciliation of the deposits.</p>	
6	<p>Non Conformity of Indian Accounting Standards 115</p> <p>Revenue Recognition–Sale of Land, Sheds etc. less Sales Returns Rs.204.76 Crores (Previous Year Rs. 492.70 Crores): (Refer Note No. 2.10)</p> <p>Under Ind AS 115, Revenue Income Recognition is on Five Step Model as gisted hereunder :</p> <p>1: Identify the contracts with the customers</p> <p>An entity shall account for a contract with a customer only when all of the following criteria are met -</p> <ul style="list-style-type: none">-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	<p>As per Letter and Spirit of Ind AS 115, Income received in Advance is bifurcated from HAC 4101 – Sale of Land and HAC 4106 – Income from Lease of Land to the extent of infrastructure not provided instead of making a provision for contractual obligations as was done earlier.</p> <p>So, Ind AS 115 is followed in Letter and Spirit in case of Sale Agreement from the FY 2020-21.</p>	

	<p>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.</p> <p>2: Identifying separate performance obligations Identify as a Performance obligation being a promise to transfer to a customer -</p> <ul style="list-style-type: none"> - 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. <p>Satisfaction of performance obligations</p> <ul style="list-style-type: none"> - 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. <p>3: Determine the Transaction Price</p> <ul style="list-style-type: none"> - 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. <p>4: Allocate the transaction price to the</p>	
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<p>performance obligations</p> <ul style="list-style-type: none"> - 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 <p>5: Revenue Recognition when performance obligations are satisfied</p> <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> 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. <p>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</p>	<p>The revenue from sale of land is recognised as per IND AS 115 from the F.Y. 2020 -21.</p>
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	<p>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.</p> <p>Thus Revenue is to be recognized basis the Steps indicated in the Ind AS 115.</p> <p>Refer Accounting Policy No. 2.1 : The Corporation recognized revenue with regard to Sale of Land , Shed and Buildings on execution of Sale Agreement and handing over physical possession of the premises. With respect to Sale of land, the completion of contractual performance obligations is treated as satisfied over period of time as per IND AS 115.</p>																					
7	<p>Non-availability of Share Certificates: <i>A reference is invited to Note No. 5.1 in the ‘Notes to standalone Financial Statements’ wherein the investments of the Company in equity shares of other companies was disclosed. During verification of the respective certificates, it was observed that the certificates in respect of the following Companies were not available.</i></p> <table><tr><th>S. No.</th><th>Name of the Company</th><th>Nature of investment/ No. of Shares – AP State portion (after apportioning the total shares between AP and Telangana in population ratio)</th><th>Perc enta ge of holdi ng</th><th>Amo unt of inves tmen t (Rs.i n crore)</th></tr><tr><td>1.</td><td>Hyderabad Information Technology Venture Enterprises Ltd.</td><td>Equity Shares – 12145 Nos.</td><td>4.86 %</td><td>0.01</td></tr><tr><td>2.</td><td>Cyberabad Trustee Company (P) Ltd.</td><td>Equity Shares – 2429 Nos.</td><td>4.86 %</td><td>0.00</td></tr><tr><td>3.</td><td>Cyberabad Trustee Company (P) Ltd. – HIVE Fund</td><td>Units – 449 Nos.</td><td>--</td><td>1.12</td></tr></table>	S. No.	Name of the Company	Nature of investment/ No. of Shares – AP State portion (after apportioning the total shares between AP and Telangana in population ratio)	Perc enta ge of holdi ng	Amo unt of inves tmen t (Rs.i n crore)	1.	Hyderabad Information Technology Venture Enterprises Ltd.	Equity Shares – 12145 Nos.	4.86 %	0.01	2.	Cyberabad Trustee Company (P) Ltd.	Equity Shares – 2429 Nos.	4.86 %	0.00	3.	Cyberabad Trustee Company (P) Ltd. – HIVE Fund	Units – 449 Nos.	--	1.12	<p><i>Letters were addressed to the respective joint venture companies for issue of fresh share certificates and the concerned companies are in the process of issue of share certificates.</i></p> <p><i>APIIC has already requested to issue Duplicate Share Certificates.</i></p> <p><i>Vide Ref. HITVEL/012/202-22, dt. 30.09.2021, HITVEL confirmed that APIIC Ltd is holding the following Investments in the Companies as stated below :</i></p> <p><i>Hyderabad Information Technology Venture Enterprises Ltd. (HITVEL) – 8.33%</i></p> <p><i>Cyberabad Trustee Company Pvt Ltd. (CTCPL) – 8.33%</i></p> <p><i>HIVE Fund (Trust) - Nil</i></p>
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8	<p>APIIC Food Park (Krishna District) Limited:</p> <p><i>An amount of Rs.1,00,000/- made towards investment in APIIC Food Park (Krishna District) Limited</i></p>	<p><i>Since, APIIC Food Park is 100% subsidiary of APIIC (formed as per Food Park Policy of GOI)</i></p>																				

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9	<p>Tirupati Electronics Manufacturing Cluster Ltd (EMC-II) : An amount of Rs. 10,00,000/- made towards investment in Tirupati Electronics Manufacturing Cluster Ltd. Shown as “Deposit towards share application money” under Note : 5.1(B) (Financial Accounts (Non-Current Assets). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per Clause á’sub section 4 of Section 56 of the Companies Act, 2013). If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of 12% per annum from the expiry of 60th day (As per sub section 6 of Section 42 of the Companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.</p>	<p>Since, Tirupati Electronics Manufacturing Cluster Ltd (EMC-II) is 100% subsidiary of APIIC (formed as per MeiTY), APIIC did not insist for payment of Interest and repayment of principal, further, now Share Certificate is received in 2023-24, it will be shown as Subscribed Capital.</p>

For and on behalf of the Board of APIIC Limited

**Sd-
G. Prabhakar Reddy
Director
DIN: 10279974**

**Sd/-
Pravin Kumar, IAS
VC&MD
DIN: 07106418**

Place: Mangalagiri

Date: 19.12.2023

ANNEXURE – E(b)

Replies to the observations of the Statutory Auditor on the Consolidated Financial Statements for FY 2020-21

Sl. No.	Observation of the Statutory Auditor	Reply of the Company															
1	<p>Equity Share Capital: Current year amount of Rs.9.52 Crores (Previous Year Rs.9.52 Crores)</p> <p>The Equity Share Capital of Rs.9.52 Crores (Previous Year Rs.9.52 Crores) is subject to reconciliation with the Government of Andhra Pradesh (Refer Note No: 11)</p>	<p>The Paid up Share Capital of the Company was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 9.52 Crores w.e.f. 02.06.2014.</p> <p>The Paid up Share Capital account is under reconciliation with the advances section of o/o Principal Accountant General.</p>															
2	<p>Other Equity: Capital Reserve: Current Year Rs.57.58 Crores (Previous Year Rs.57.58 Crores)</p> <p>An amount of Rs.7.58 Crores received from the Government of Andhra Pradesh as Share Capital vide G.O 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)</p>	<p>The Capital Reserve as per the books of accounts of the company as on 01.06.2014 was apportioned in the population ratio to APIIC Ltd., and TSIIC Ltd., as a part of demerger of the corporation as per the Demerger Scheme approved by the Expert Committee. Accordingly, the share of the company is Rs. 7.58 crores w.e.f. 02.06.2014.</p> <p>The capital reserve amount pertains the EPIP Grant which was sanctioned to the Company as Investment in APIIC by the Government. Later, the company was directed to treat it as a Grant in the Inter Ministerial Steering Committee meeting held on 4th& 5th of April, 2000. But, no orders were received so far converting Equity as a Grant. The matter is under persuasion.</p> <p>The treatment will be reviewed and necessary action will be taken on reconciliation of the Equity with office of the Principal Accountant General.</p>															
3	<p>Deposits Received from Allottees: Current year Rs.1439.62 Crores (Previous Year Rs. 1402.77 Crores)</p> <p>This includes unreconciled amounts with Head office and Zonal offices which are yet to be reconciled (Refer Note No: 17)</p> <table border="1"> <thead> <tr> <th>Sl. No.</th><th>Name of the Zone</th><th>Rs. in Crores</th></tr> </thead> <tbody> <tr> <td align="center">1</td><td>Head Office</td><td align="right">11.01</td></tr> <tr> <td align="center">2</td><td>Vijayawada</td><td align="right">61.16</td></tr> <tr> <td align="center" colspan="2">TOTAL</td><td align="right">72.17</td></tr> <tr> <td></td><td></td><td></td></tr> </tbody> </table>	Sl. No.	Name of the Zone	Rs. in Crores	1	Head Office	11.01	2	Vijayawada	61.16	TOTAL		72.17				<p>The amounts deposited by the allottees were reviewed and the schedule showing party wise details of deposits was prepared. With respect to the un-reconciled deposits mentioned, was also reconciled and further reconciliation is in progress.</p>
Sl. No.	Name of the Zone	Rs. in Crores															
1	Head Office	11.01															
2	Vijayawada	61.16															
TOTAL		72.17															

4	<p>Provision for contractual obligations: Current year – NIL (Previous Year – Rs 1043.30 Crores)</p> <p>Adequacy of Provision: As per the information and explanations given to us, the Corporation after reviewing various pending contractual obligations at the year-end estimated the provision against contractual obligations as NIL (Previous Year Rs. 1043.30 Crores) and accordingly not provided any provision during the year. We are not clear, whether the non-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)</p> <p>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.</p>	<p>The Audit Comment is self explanatory.</p> <p>The provision for Contractual Obligations is being reviewed from time to time and necessary provision is being made accordingly. Hence, the provision shown in the Financial Statements is adequate.</p> <p>As the provision for Contractual Obligations is reviewed on yearly basis, the same was disclosed under Short Term Provisions.</p>
5	<p>Inventory Rs. 3213.89 Crores (Previous Year Rs. 3645.52 Crores):</p> <p>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)</p>	<p>The inventory is being reviewed from time to time and reflected in the financial statements accordingly.</p> <p>There is no impact on the inventory due to reconciliation of the deposits.</p>
6	<p>Non Conformity of Indian Accounting Standards 115</p> <p>Revenue Recognition–Sale of Land, Sheds etc. less Sales Returns Rs.204.76 Crores (Previous Year Rs. 492.70 Crores): (Refer Note No. 2.10)</p> <p>Under Ind AS 115, Revenue Income Recognition is on Five Step Model as gisted hereunder :</p> <p>1: Identify the contracts with the customers</p> <p>An entity shall account for a contract with a customer only when all of the following criteria are met -</p> <ul style="list-style-type: none"> -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 	<p>As per Letter and Spirit of Ind AS 115, Income received in Advance is bifurcated from HAC 4101 – Sale of Land and HAC 4106 – Income from Lease of Land to the extent of infrastructure not provided instead of making a provision for contractual obligations as was done earlier.</p> <p>So, Ind AS 115 is followed in Letter and Spirit in case of Sale Agreement from the FY 2020-21.</p>

	<p>consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.</p> <p>2: Identifying separate performance obligations</p> <p>Identify as a Performance obligation being a promise to transfer to a customer -</p> <ul style="list-style-type: none"> - 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. <p>Satisfaction of performance obligations</p> <ul style="list-style-type: none"> - 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. <p>3: Determine the Transaction Price</p> <ul style="list-style-type: none"> - 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. <p>4: Allocate the transaction price to the performance obligations</p> <ul style="list-style-type: none"> - The objective when allocating the transaction price is for an entity to allocate the transaction 	
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9	<p>Tirupati Electronics Manufacturing Cluster Ltd (EMC-II) : An amount of Rs. 10,00,000/- made towards investment in Tirupati Electronics Manufacturing Cluster Ltd. Shown as “Deposit towards share application money” under Note : 5.1(B) (Financial Accounts (Non-Current Assets). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per Clause a’ sub section 4 of Section 56 of the Companies Act, 2013). If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of 12% per annum from the expiry of 60th day (As per sub section 6 of Section 42 of the Companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.</p>	<p>Since, Tirupati Electronics Manufacturing Cluster Ltd (EMC-II) is 100% subsidiary of APIIC (formed as per MeiTY), APIIC did not insist for payment of Interest and repayment of principal, further, now Share Certificate is received in 2023-24, it will be shown as Subscribed Capital.</p>

For and on behalf of the Board of APIIC Limited

**Sd-
G. Prabhakar Reddy
Director
DIN: 10279974**

**Sd/-
Pravin Kumar, IAS
VC&MD
DIN: 07106418**

**Place: Mangalagiri
Date: 19.12.2023**

Andhra Pradesh Industrial Infrastructure Corporation Limited, Mangalagiri
Replies to the Final comments on the Standalone Financial Statements for the year 2020-21
(ANNEXURE-E(c))

FC No.	Final Comment	Reply of the Management
1	<p>Balance Sheet Assets Current Assets Financial Assets Cash and Cash Equivalents (Note-8.2):Rs.137.02 Crore The above includes Rs.9.54 Crore towards 'Securities against Guarantees' in the form of Fixed Deposits (FDs) under Bank Deposits. Instead, the same should have been exhibited separately on the face of the Balance Sheet under 'Financial assets' along with necessary disclosures in Notes to Accounts to comply with provisions of Division-II of Schedule-III to the Companies Act, 2013. Thus, non-compliance resulted in understatement of Securities against guarantees and overstatement of Cash and Cash Equivalent by Rs.9.54 Crore each.</p>	<p>The Final comment is noted for future guidance and necessary rectifications will be made while finalising the accounts for the F.Y 2022-23.</p>
2	<p>Non-Current Assets Financial Assets Investments (Note-5.1):Rs.546.08 Crore The above includes Rs.1.90 Crore towards Investments in subsidiary Company, M/s. Krishnapatnam International Leather Complex Private Limited, as disclosed under Investments in equity instruments. The amount of Rs.1.90 Crore includes fair value of Rs.1.85 Crore of loan given to the Subsidiary and equity investment of Rs.0.05 Crore (at cost), as disclosed in Note-5.1.2. The recognition of fair value of investment is found contrary with its significant accounting policy at Note-2.5, which prescribed that investment is subsidiary and associates is carried at cost. Further, loan amount should have been presented in the relevant class of assets in the Balance Sheet. Thus, incorrect accounting treatment resulted in overstatement of Investments in Subsidiary by Rs.1.85 Crore, and understatement of Loan to the extent of actual loan, overstatement of Capital Reserve. However, financial impact on</p>	<p>The amount of Rs.1.90 crores does not form part of the Loan amount given to M/s KPILC limited. The same includes an amount of Rs.1.85 crores towards the fair value of the loan given to M/s KPILC Limited as per the provisions of the IND AS 109. Necessary disclosure on the same is exhibited at note No.5.1.2 of the notes to Accounts. In the Balance Sheet, it is disclosed under Loans 5.2 Related Party Transactions. Further, KPILC has deposited Rs.33.85 Crores for Deposit Work Rs. 10 Crores has to be refunded to KPILC. In view of the above, entire interest component will be reversed in FY 2022-23. In FY 2022-23, interest will be set off since, APIIC is not receiving interest on loan given by APIIC.</p>

FC No.	Final Comment	Reply of the Management
	loan and capital reserve could not be assessed as details of initial loan, basis for fair valuation, fair value assessment is not made available.	
3	<p>Others (Note 5.3) The above includes Personal Deposit (PD) Account balance of Rs.1758.70 crore, though the same is of the nature of current assets. Hence, the same should have been disclosed as Other Current Assets, separately from Cash and Cash equivalents and bank balance. Thus, wrong classification resulted in overstatement of Other Financial Assets (Non-Current) and understatement of Other Current Assets by Rs.1758.70 crore each.</p> <p>Since the amount borrowed from the Banks against Government Guarantee was deposited in the PD Account as per the instructions of the State Government, the amount receivable from State Government (including interest) as on reporting date should have been reconciled and disclosed appropriately thereunder.</p>	<p>It is to submit that, as part of the amount borrowed from the Banks against Government guarantee was deposited in the PD Account of the Corporation i.e., No. 16/CRT, AP Capital Region Treasury. The reconciliation is being done on quarterly basis duly furnishing the Certificate of Acceptance of Balance in the CFMS portal and necessary disclosure with regard to deposit of loan funds in the PD Account was made vide Note No. 12.1.2 of Notes to Accounts to the Financial Statements.</p> <p>Further, it is to submit that, the GOAP Budget support Grant for payment of interest is released to PD Account and the payment of interest to the three Banks is made by raising CFMS bill as and when GoAP pays the interest, the budget released amounts gets reduced to that extent. And the expenditure incurred is maintained through PD Account which will not have any impact on P&L since receipts and payments are accounted in PD Account. Any how the same is disclosed under Note No. 12.1.2 of Notes to Accounts of Financial Statements. Since the net impact is Zero, there is no understatement of both the other income (Govt. Grants) and expenses (Finance Cost) by Rs. 136.34 Crores for the FY 2021-22.</p> <p>The Audit observation will be noted for future guidance.</p>
4	<p>Equity and Liabilities Liabilities Non-Current Liabilities Other Non-Current Liabilities (Note-15): Rs.1853.09 crore</p> <p>The above does not include Rs.574.61 crore due to non-recognition of liability towards land conversion charges which was payable to the</p>	<p>It is to submit that, the Government of Andhra Pradesh have amended Section 7 of A P Agricultural Land (Conversion for nonagricultural purpose) Act, 2006 duly incorporating that the Act shall not be applicable to the lands allotted to APIIC. The gazette notification was issued w.e.f. 01.02.2018.</p>

FC No.	Final Comment	Reply of the Management
	<p>State Government in respect of agriculture lands allotted to the Company up to 31.01.2018 in accordance with provisions of Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (the Act), as amended. As per Section 7(g) of the Act, as amended through Act No.13 of 2018, the agriculture lands allotted to the Company for non-agricultural purpose are exempted from payment of land conversion charges only from 01.02.2018, as notified vide G.O.No.37 dated 25.01.2018 and G.O Ms.No.98 dated 19-02-2018. However, there has been no waiver or exemption from the Government as on date of finalization of accounts. Thus, exhibition of clear liability as Contingent Liability in Notes to Accounts without specific approval of exemption / waiver by the competent authority of State Government is not correct. Thus, non-recognition of liability towards land conversion charges resulted in understatement of Current Liabilities and understatement of Current Assets (Inventories) by Rs.574.61 Crore.</p>	<p>In this regard, a letter was addressed by the company to the Government of Andhra Pradesh requesting for considering the exemption of conversion charges for the lands allotted prior to 01.02.2018 also. The Government orders in this regard are still awaited.</p> <p>However, the company has already provided clear liability in the books of accounts for conversion charges to a tune of Rs. 266.41 crores upto the end of the F.Y 2014-15 in respect of developed lands which is being continued in the books of accounts till 31.03.2021. Further, contingent liability to a tune of Rs. 552.41 crores was indicated in the notes to accounts for the year ending 31.03.2018 as per the suggestions of the Principal Accountant General (Audit), Andhra Pradesh, Hyderabad vide Lr. No.PAG(AUDIT)/AP/ES/D2-I/APIIC/2017-18/261, dated 20.07.2017 and the same is being continued in the books of accounts as on 31.03.2021.</p> <p>Further, as per Clause 5 of G.O. Ms. No. 98, dated 19.02.2018 of the Special Chief Secretary to Government, Government of Andhra Pradesh, in the case of lands allotted to APIIC Limited, the lands stand converted to Non-Agricultural purpose. The APIIC Limited shall issue certificate to individual industrial units that the lands allotted to them are converted for non-agricultural purpose. APIIC's exemption of NALA is to facilitate allotment of land at lower cost for industrial use to generate employment & investment in the State of Andhra Pradesh. If provision is made, it has to be added to the cost of Plot in PF&IC which will defeat the objective of giving exemption. Since, there is no demand for payment of NALA for the lands alienated, no provision was made towards conversion charges for the period from April 2015 to February 2018.</p>

FC No.	Final Comment	Reply of the Management
		Hence, there is no understatement of Current Liabilities and understatement of Current Assets (Inventory).
5	<p>The Company received upfront lease premium amounting to Rs.20.75 crore from a private company towards allotment of plot admeasuring 133599 sq. metres on lease basis for a period of 99 years in terms of Lease Agreement dated 13 April 2016. Subsequently, the lease agreement was cancelled vide Deed of cancellation executed on 10.11.2020 due to non-fulfilment of lease conditions. The entire amount of Rs.20.75 crore was recognised as Liability under Non-Current liabilities as on 31 March 2021. Instead, amount arising / recovered due to cancellation as per lease deed should have been recognised as income and amount payable should have been classified as Current Liability.</p> <p>Thus, wrong accounting treatment resulted in overstatement of Non-current liabilities by Rs.20.75 crore, and Current Liabilities and Income by Rs.19.21 crore. (including GST) and Rs.1.54 Crore respectively with corresponding understatement of Profit for the year by Rs.1.54 Crore.</p>	<p>The Final comment is noted for future guidance.</p> <p>Forfeited amount on cancellation of allotment will be recognized as income and amount payable will be classified as Current Liability in the same year only i.e., in the year of cancellation of allotment only.</p> <p>The audit point with regard to classification of the liability is noted for future guidance, such cases, if any, will be dealt with accordingly.</p>
6	<p>B. Comments on Disclosure Notes forming part of Balance Sheet and Statement of Profit & Loss</p> <p>As per provisions of Ind AS-2 on Inventories, the inventories of the Company shall be measured at <i>the lower of the cost and net realizable value</i>. Hence, the Company's Significant Accounting Policy disclosed vide Note No.2.8 stating that "Inventories and work-in-progress are valued at cost" is contrary to the provisions of Ind AS. As a result, NRV is not required to be assessed at end of each reporting period, deviating from the Ind AS-2, and impairment if any required could not be ascertained leading to presence of material misstatements in the Financial Statements. Thus, Accounting policy on inventories needs modification to comply with the applicable Ind</p>	<p>It is to submit that, APIIC's Inventory is land which is an appreciable asset. Land is not effected by depletion, depreciation nor technical obsolescence. APIIC is valuing the Govt. Land at Re.1/- per acre since it is given by GoAP on free of cost. In case of APIIC land held as Inventory, Net Realisable Value is never less than historical cost, considering the fact that, Govt. Vacant Land is valued at Re.1 per acre, there can never be overvaluation of lands and Net Realisable Value will always be higher than historical cost. Since Ind AS-2 states that lower of Historical Cost / Net Realisable Value should be the basis of valuation of Inventory. APIIC is following Ind AS-2.</p>

FC No.	Final Comment	Reply of the Management
	AS.	<p>In view of the above, it is informed that, Inventories are valued at lowest of Cost/Net Realisable Value as per the provisions of Ind AS-2 on Inventories. Total Land Inventory extent is 58,019.56 acres valuing Rs. 25,65,99,75,688.24 as on 31.03.2021, out of which Govt. land extent is 7775.10 acres valuing Rs. 7775.10 which is 13.40% of Land Inventory. So, there is no deviation to the provisions of Ind AS-2 on Inventories.</p> <p>Hence, there is no scope for impairment of Inventory and no scope for material misstatement as the Inventory of land is valued at Cost of acquisition and Govt. Land at Re.1 per acre, hence never a chance for overvaluation of Inventory where 13.40% of Inventory is at Re.1 per acre.</p>
7	Disclosure under Note-12.1.2 stating that the Company received Rs.335.99 Crore and balance of Rs.252.95 crore remains in PD Account is found not correct, since the Company received Rs.135.57 crore towards interest and balance interest in PD Account at the end of financial year 2021 was Rs.228.27 crore during the year 2020-21 in connection with repayment of interest on loan amount of Rs.1480 Crore (out of Rs.2000 crore availed from commercial banks and deposited in to the PD Account (MH-8449 of GoAP).	<p>It is to submit that, APIIC received Rs. 135.57 Crores towards interest during the year FY 2020-21 to PD Account and Rs.335.99 Crores during FY 2019-20. Interest payments made during FY 2019-20 to PD Account is Rs. 128.81 Crores from PD Account and Balance amount is carried forward, hence balance is Rs. 252.95 Crores for FY 2019-20. Interest payments made during FY 2020-21 is Rs. 80.77 Crores.</p> <p>Disclosure under Note-12.1.2 will be updated in Annual Accounts of FY 2022-23.</p>
8	During the year 2020-21, the Company deposited an amount of Rs.450 crore in PD Account as per the instructions of the GoAP, as per disclosure in Note 8.2.1 under Cash and Bank Balances (Note -8.2). The disclosure is found to be inadequate because the fact that Company remitted (September 2020) Rs.450 Crore to the State Government (MH-8443, Civil Deposits) towards Ways and Means of GoAP is not disclosed. Further, the nature of	<p>It is to inform that any amount to be deposited in PD Account is to be made by way of Challan only. Accordingly, the amount of Rs.450.00 crores was deposited into the PD Account vide Challan No.40068215962020, dated 21.09.2020. A copy of the Challan was produced during the course of Audit (Copy attached).</p>

FC No.	Final Comment	Reply of the Management
	remittance (loan or otherwise) and status of refund (including interest, if any) from the Government as on reporting date have not been disclosed.	<p>APIIC is not aware of Ways & Means of GoAP, hence not disclosed. It is an asset to APIIC and liability to Govt. of AP. Its not a loan, it is a deposit and does not carry any interest. APIIC is raising bills for payment of any expenditure from this Rs. 450 Crores deposited amount. It is utilizing this funds for its needs and as on FY 2020-21, total expenditure met from PD Account is Rs.168.51 Crores.</p> <p>Hence, no separate disclosure is made in this regard.</p>
9	<p>Reference is invited to Note-1 (Company information) stating that the Assets and Liabilities as on 01.06.2014 were divided between the Company and TSIIC Limited as per the <u>approved Demerger Scheme</u> as per section 53 of AP Reorganisation Act, 2014. Simultaneously, Note-25 (Demerger Scheme) disclosed that the <u>Orders on approval of the Demerger Scheme is yet to be issued by the Government(s)</u>. Hence, disclosure under Note-1 is contradictory with factual position disclosed under Note-25, and the same needs rectification to reflect factual position.</p>	<p>The Government of India have appointed the Expert Committee headed by Smt Shiela Bhede to finalise the modalities and approve the Demerger Scheme of Schedule IX institutions as per the provisions of AP Re-organisation Act, 2014.</p> <p>Accordingly, the demerger scheme of the corporation was also approved by the expert committee which was signed by both the Managing Directors of AP and TS Regions and the same was forwarded by the Expert Committee to both the Governments.</p> <p>The approved demerger scheme is to be notified by both the Governments of AP and TS through official gazette notification.</p> <p>Accordingly, the demerger entry was passed in the books of accounts on 02.06.2014 as per the approved demerger scheme which is disclosed under company information.</p> <p>Further, as the demerger scheme is yet to be notified by both the Governments of AP and TS through official gazette notification, necessary disclosure was made vide note no.25 in the notes to accounts.</p>

FC No.	Final Comment	Reply of the Management
		The approval of Demerger scheme and notification by both the Governments are two different activities and hence there is no contradiction in the disclosures made under Note Nos 1 & 25.

For and on behalf of the Board of APIIC Limited

Sd/-
G. Prabhakar Reddy
Director
DIN: 10279974

Sd/-
Pravin Kumar, IAS
VC&MD
DIN: 07106418

Place: Mangalagiri

Date: 19.12.2023

Andhra Pradesh Industrial Infrastructure Corporation Limited, Mangalagiri
Replies to the Final comments on the Consolidated **Financial Statements** for the
year 2020-21 (ANNEXURE-E(d))

FC No.	Final Comment	Reply of the Management
1	<p>Balance Sheet Assets Current Assets Financial Assets Cash and Cash Equivalents (Note-8.2):Rs.173.41 Crore</p> <p>The above includes Rs.9.54 Crore towards 'Securities against Guarantees' in the form of Fixed Deposits (FDs) under Bank Deposits. Instead, the same should have been exhibited separately on the face of the Balance Sheet under 'Financial assets' along with necessary disclosures in Notes to Accounts to comply with provisions of Division-II of Schedule-III to the Companies Act, 2013. Thus, non-compliance resulted in understatement of Securities against guarantees and overstatement of Cash and Cash Equivalent by Rs.9.54 Crore each.</p>	<p>The Final comment is noted for future Guidance and necessary rectifications will be made while finalising the accounts for the F.Y 2022-23.</p>
2	<p>Non-Current Assets Financial Assets Investments (Note-5.1):Rs.569.46 Crore</p> <p>The above includes Rs.1.90 Crore towards Investments in subsidiary Company, M/s. Krishnapatnam International Leather Complex Private Limited, as disclosed under Investments in equity instruments. The amount of Rs.1.90 Crore includes fair value of Rs.1.85 Crore of loan given to the Subsidiary and equity investment of Rs.0.05 Crore (at cost), as disclosed in Note-5.1.2. The recognition of fair value of investment is found contrary with its significant accounting policy at Note-2.5, which prescribed that investment is subsidiary and associates is carried at cost. Further, loan amount should have been presented in the relevant class of</p>	<p>The amount of Rs.1.90 crores does not form part of the Loan amount given to M/s KPILC limited. The same includes an amount of Rs.1.85 crores towards the fair value of the loan given to M/s KPILC Limited as per the provisions of the IND AS 109. Necessary disclosure on the same is exhibited at note No.5.1.2 of the notes to Accounts. In the Balance Sheet, it is disclosed under</p> <p>Loans 5.2 Related Party Transactions. Further, KPILC has deposited Rs.33.85 Crores for Deposit Work Rs. 10 Crores has to be refunded to KPILC. In view of the above, entire interest component will be reversed in FY 2022-23. In FY 2022-23, interest will be set off since, APIIC</p>

FC No.	Final Comment	Reply of the Management
	<p>assets in the Balance Sheet. Thus, incorrect accounting treatment resulted in overstatement of Investments in Subsidiary by Rs.1.85 Crore, and understatement of Loan to the extent of actual loan, overstatement of Capital Reserve. However, financial impact on loan and capital reserve could not be assessed as details of initial loan, basis for fair valuation, fair value assessment is not made available.</p>	<p>is not receiving interest on loan given by APIIC.</p>
3	<p>Others (Note 5.3) : Rs. 1828.38 Crore The above includes Personal Deposit (PD) Account balance of Rs.1758.70 crore, though the same is of the nature of current assets. Hence, the same should have been disclosed as Other Current Assets”, separately from Cash and Cash equivalents and bank balance. Thus, wrong classification resulted in overstatement of Other Financial Assets (Non-Current) and understatement of Other Current Assets by Rs.1758.70 crore each. Since the amount borrowed from the Banks against Government Guarantee was deposited in the PD Account as per the instructions of the State Government, the amount receivable from State Government (including interest) as on reporting date should have been reconciled and disclosed appropriately there under.</p>	<p>It is to submit that, as part of the amount borrowed from the Banks against Government guarantee was deposited in the PD Account of the Corporation i.e., No. 16/CRT, AP Capital Region Treasury. The reconciliation is being done on quarterly basis duly furnishing the Certificate of Acceptance of Balance in the CFMS portal and necessary disclosure with regard to deposit of loan funds in the PD Account was made vide Note No. 12.1.2 of Notes to Accounts to the Financial Statements.</p> <p>Further, it is to submit that, the GOAP Budget support Grant for payment of interest is released to PD Account and the payment of interest to the three Banks is made by raising CFMS bill as and when GoAP pays the interest, the budget released amounts gets reduced to that extent. And the expenditure incurred is maintained through PD Account which will not have any impact on P&L since receipts and payments are accounted in PD Account. Any how the same is disclosed under Note No. 12.1.2 of Notes to Accounts of Financial Statements. Since the net impact is Zero, there is no understatement of both the other income (Govt. Grants) and expenses (Finance Cost) by Rs. 136.34 Crores for the FY 2021-22.</p> <p>The Audit observation will be noted for future guidance.</p>

FC No.	Final Comment	Reply of the Management
4	<p>Equity and Liabilities Liabilities Non-Current Liabilities Other Non-Current Liabilities (Note-15): Rs.1836.22 crore</p> <p>The above does not include Rs.574.61 crore due to non-recognition of liability towards land conversion charges which was payable to the State Government in respect of agriculture lands allotted to the Company up to 31.01.2018 in accordance with provisions of Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (the Act), as amended. As per Section 7(g) of the Act, as amended through Act No.13 of 2018, the agriculture lands allotted to the Company for non-agricultural purpose are exempted from payment of land conversion charges only from 01.02.2018, as notified vide G.O.No.37 dated 25.01.2018 and G.O Ms.No.98 dated 19-02-2018. However, there has been no waiver or exemption from the Government as on date of finalization of accounts. Thus, exhibition of clear liability as Contingent Liability in Notes to Accounts without specific approval of exemption / waiver by the competent authority of State Government is not correct. Thus, non-recognition of liability towards land conversion charges resulted in understatement of Current Liabilities and understatement of Current Assets (Inventories) by Rs.574.61 Crore.</p>	<p>It is to submit that, the Government of Andhra Pradesh have amended Section 7 of A P Agricultural Land (Conversion for nonagricultural purpose) Act, 2006 duly incorporating that the Act shall not be applicable to the lands allotted to APIIC. The gazette notification was issued w.e.f. 01.02.2018.</p> <p>In this regard, a letter was addressed by the company to the Government of Andhra Pradesh requesting for considering the exemption of conversion charges for the lands allotted prior to 01.02.2018 also. The Government orders in this regard are still awaited.</p> <p>However, the company has already provided clear liability in the books of accounts for conversion charges to a tune of Rs. 266.41 crores upto the end of the F.Y 2014-15 in respect of developed lands which is being continued in the books of accounts till 31.03.2021. Further, contingent liability to a tune of Rs. 552.41 crores was indicated in the notes to accounts for the year ending 31.03.2018 as per the suggestions of the Principal Accountant General (Audit), Andhra Pradesh, Hyderabad vide Lr. No.PAG(AUDIT)/AP/ES/D2-I/APIIC/2017-18/261, dated 20.07.2017 and the same is being continued in the books of accounts as on 31.03.2021.</p> <p>Further, as per Clause 5 of G.O. Ms. No. 98, dated 19.02.2018 of the Special Chief Secretary to Government, Government of Andhra Pradesh, in the case of lands allotted to APIIC Limited, the lands stand converted to Non-Agricultural purpose. The APIIC Limited shall issue certificate to individual industrial units that the lands allotted to them are converted for non-agricultural purpose. APIIC's exemption of NALA is to facilitate allotment of land at lower cost for industrial use to generate employment & investment in the State of</p>

FC No.	Final Comment	Reply of the Management
		<p>Andhra Pradesh. If provision is made, it has to be added to the cost of Plot in PF&IC which will defeat the objective of giving exemption. Since, there is no demand for payment of NALA for the lands alienated, no provision was made towards conversion charges for the period from April 2015 to February 2018.</p> <p>Hence, there is no understatement of Current Liabilities and understatement of Current Assets (Inventory).</p>
5	<p>The Company received upfront lease premium amounting to Rs.20.75 crore from a private company towards allotment of plot admeasuring 133599 sq. metres on lease basis for a period of 99 years in terms of Lease Agreement dated 13 April 2016. Subsequently, the lease agreement was cancelled vide Deed of cancellation executed on 10.11.2020 due to non-fulfilment of lease conditions. The entire amount of Rs.20.75 crore was recognised as Liability under Non-Current liabilities as on 31 March 2021. Instead, amount arising / recovered due to cancellation as per lease deed should have been recognised as income and amount payable should have been classified as Current Liability.</p> <p>Thus, wrong accounting treatment resulted in overstatement of Non-current liabilities by Rs.20.75 crore, and Current Liabilities and Income by Rs.19.21 crore. (including GST) and Rs.1.54 Crore respectively with corresponding understatement of Profit for the year by Rs.1.54 Crore.</p>	<p>The Final comment is noted for future guidance.</p> <p>Forfeited amount on cancellation of allotment will be recognized as income and amount payable will be classified as current Liability in the same year only i.e., in the year of cancellation of allotment only.</p> <p>The audit point with regard to classification of the liability is noted for future guidance, such cases, if any, will be dealt with accordingly.</p>
6	<p>B. Comments on Disclosure Notes forming part of Balance Sheet and Statement of Profit & Loss As per provisions of Ind AS-2 on Inventories, the inventories of the Company shall be measured at <i>the lower of the cost and net realizable value(NRV)</i>. Hence, the Company's Significant Accounting Policy disclosed vide Note No.2.8 stating that "Inventories and work-in-progress are valued at cost" is contrary</p>	<p>It is to submit that, APIIC's Inventory is land which is an appreciable asset. Land is not effected by depletion, depreciation nor technical obsolescence. APIIC is valuing the Govt. Land at Re.1/- per acre since it is given by GoAP on free of cost. In case of APIIC land held as Inventory, Net Realisable Value is never less than historical cost, considering the fact that, Govt. Vacant Land is valued at Re.1 per acre, there can never be overvaluation of lands and</p>

FC No.	Final Comment	Reply of the Management
	<p>to the provisions of Ind AS. As a result, NRV is not required to be assessed at end of each reporting period, deviating from the Ind AS-2, and impairment if any required could not be ascertained leading to presence of material misstatements in the Financial Statements. Thus, Accounting policy on inventories needs modification to comply with the applicable Ind AS.</p>	<p>Net Realisable Value will always be higher than historical cost. Since Ind AS-2 states that lower of Historical Cost / Net Realisable Value should be the basis of valuation of Inventory. APIIC is following Ind AS-2.</p> <p>In view of the above, it is informed that, Inventories are valued at lowest of Cost/Net Realisable Value as per the provisions of Ind AS-2 on Inventories. Total Land Inventory extent is 58,019.56 acres valuing Rs. 25,65,99,75,688.24 as on 31.03.2021, out of which Govt. land extent is 7775.10 acres valuing Rs. 7775.10 which is 13.40% of Land Inventory. So, there is no deviation to the provisions of Ind AS-2 on Inventories.</p> <p>Hence, there is no scope for impairment of Inventory and no scope for material misstatement as the Inventory of land is valued at Cost of acquisition and Govt. Land at Re.1 per acre, hence never a chance for overvaluation of Inventory where 13.40% of Inventory is at Re.1 per acre.</p>
7	<p>Disclosure under Note-12.1.2 stating that the Company received Rs.335.99 Crore and balance of Rs.252.95 crore remains in PD Account is found not correct, since the Company received Rs.135.57 crore towards interest and balance interest in PD Account at the end of financial year 2021 was Rs.228.27 crore during the year 2020-21 in connection with repayment of interest on loan amount of Rs.1480 Crore (out of Rs.2000 crore availed from commercial banks and deposited in to the PD Account (MH-8449 of GoAP).</p>	<p>It is to submit that, APIIC received Rs. 135.57 Crores towards interest during the year FY 2020-21 to PD Account and Rs.335.99 Crores during FY 2019-20. Interest payments made during FY 2019-20 to PD Account is Rs. 128.81 Crores from PD Account and Balance amount is carried forward, hence balance is Rs.252.95 Crores for FY 2019-20. Interest payments made during FY 2020-21 is Rs. 80.77 Crores.</p> <p>Disclosure under Note-12.1.2 will be updated in Annual Accounts of FY 2022-23.</p>
8	<p>During the year 2020-21, the Company deposited an amount of Rs.450 crore in PD Account as per the instructions of the GoAP, as per disclosure in Note 8.2.1 under Cash and Bank Balances (Note - 8.2). The disclosure is found to be inadequate because the fact that Company</p>	<p>It is to inform that any amount to be deposited in PD Account is to be made by way of Challan only. Accordingly, the amount of Rs.450.00 crores was deposited into the PD Account vide Challan No.40068215962020, dated 21.09.2020. A copy of the Challan was produced during the course of Audit (Copy</p>

FC No.	Final Comment	Reply of the Management
	remitted (September 2020) Rs.450 crore to the State Government (MH-8443, Civil Deposits) towards Ways and Means of GoAP is not disclosed. Further, the nature of remittance (loan or otherwise) and status of refund (including interest, if any) from the Government as on reporting date have not been disclosed.	<p>attached).</p> <p>APIIC is not aware of Ways & Means of GoAP, hence not disclosed. It is an asset to APIIC and liability to Govt. of AP. Its not a loan, it is a deposit and does not carry any interest. APIIC is raising bills for payment of any expenditure from this Rs. 450 Crores deposited amount. It is utilizing this funds for its needs and as on FY 2020-21, total expenditure met from PD Account is Rs.168.51 Crores.</p> <p>Hence, no separate disclosure is made in this regard.</p>
9	Reference is invited to Note-1 (Company information) stating that the Assets and Liabilities as on 01.06.2014 were divided between the Company and TSIIC Limited as per the <u>approved Demerger Scheme</u> as per section 53 of AP Reorganisation Act, 2014. Simultaneously, Note-25 (Demerger Scheme) disclosed that the <u>Orders on approval of the Demerger Scheme is yet to be issued by the Government(s)</u> . Hence, disclosure under Note-1 is contradictory with factual position disclosed under Note-25, and the same needs rectification to reflect factual position.	<p>The Government of India have appointed the Expert Committee headed by Smt Shiela Bhedi to finalise the modalities and approve the Demerger Scheme of Schedule IX institutions as per the provisions of AP Re-organisation Act, 2014.</p> <p>Accordingly, the demerger scheme of the corporation was also approved by the expert committee which was signed by both the Managing Directors of AP and TS Regions and the same was forwarded by the Expert Committee to both the governments.</p> <p>The approved demerger scheme is to be notified by both the Governments of AP and TS through official gazette notification.</p> <p>Accordingly, the demerger entry was passed in the books of accounts on 02.06.2014 as per the approved demerger scheme which is disclosed under company information.</p> <p>Further, as the demerger scheme is yet to be notified by both the Governments of AP and TS through official gazette notification, necessary disclosure was made vide note no.25 in the notes to accounts.</p> <p>The approval of Demerger scheme and notification by both the Governments are two different activities and hence there is no contradiction in the disclosures made under Note Nos 1 & 25.</p>

For and on behalf of the Board of APIIC Limited

Sd/-
G. Prabhakar Reddy
Director
DIN: 10279974

Sd/-
Pravin Kumar, IAS
VC&MD
DIN: 07106418

Place: Mangalagiri
Date: 19.12.2023



ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH 2021

(Rs. in Crores)

	Particulars	Note No.	Figures as at 31.03.2021	Figures as at 31.03.2020
(1)	ASSETS			
a	Non - Current Assets			
b	Property, Plant and Equipment	3.1.3	73.17	65.59
c	Capital Work in Progress	4.1	28.38	62.99
d	Investment Property	4.2.3	266.80	267.95
	Financial Assets			
	(i) Investments	5.1	546.08	92.01
	(ii) Loans	5.2	705.55	659.09
	(iii) Others	5.3	1,827.91	1,530.95
e	Other Non - Current Assets			
	(i) Non-Current Tax Assets (Net)	6.1	28.14	4.91
	(ii) Other Non - Current Assets	6.2	1,047.21	820.60
	Non - Current Assets - Total		4,523.24	3,504.09
(2)	Current Assets			
a	Inventories	7	3,213.89	3,645.52
b	Financial Assets			
	(i) Trade Receivables	8.1	29.67	63.73
	(ii) Cash and Cash Equivalents	8.2	137.02	838.41
	(iii) Loans	8.3	237.35	1.10
	(iv) Others	8.4	87.00	8.72
c	Other Current Assets	9	31.97	24.29
(3)	AP Reorganisation Adjustment Account	10	225.62	225.62
	Current Assets - Total		3,962.52	4,807.39
	Total Assets		8,485.76	8,311.48
(1)	EQUITY AND LIABILITIES			
	Equity			
	(i) Equity Share Capital	11	9.52	9.52
	(ii) Other Equity		432.86	402.49
	Equity - Total		442.38	412.01
(2)	LIABILITIES			
a	Non - Current Liabilities			
	Financial Liabilities			
	(i) Borrowings	12.1	2,081.83	2,114.02
	(ii) Other Financial Liabilities	12.2	1,229.50	1,062.28
b	Provisions	13	9.83	9.54
c	Deferred tax liabilities (Net)	14	5.25	2.99
d	Other Non - Current Liabilities	15	1,853.09	1,791.00
	Non - Current Liabilities - Total		5,179.50	4,979.83
(3)	Current Liabilities			
a	Financial Liabilities			
	(i) Borrowings	16.1	11.91	3.27
	(ii) Trade Payables	16.2	135.30	117.81
	(iii) Other Financial Liabilities	16.3	271.84	295.30
b	Other Current Liabilities	17	1,472.08	1,432.88
c	Provisions	18	972.75	1,070.38
	Current Liabilities - Total		2,863.88	2,919.64
(4)	Accounting Policies	2		
	Total Equity and Liabilities		8,485.76	8,311.48

AS PER OUR REPORT DATED 31.03.2022

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

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

PLACE : MANGALAGIRI
DATE : 10.03.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-
J V N SUBRAMANYAM, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
DIN:07935156

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

Sd/-
M GOVINDA REDDY
CHAIRMAN
DIN:01216133

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



ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2021

(Rs. in Crores)

	Particulars	Note No.	Current Year (2020-21)	Previous Year (2019-20)
I	Revenue from operations	19	264.17	565.89
II	Other Income	20	46.15	121.75
III	Total Revenue (I + II)		310.32	687.64
IV	Expenses			
a	Cost of Sales	21	101.76	485.00
b	Employee Benefits expense	22	39.13	35.50
c	Finance Costs	23	0.00	56.60
d	Depreciation and amortization expense		5.35	4.98
e	Other expenses	24	123.39	70.88
	Total Expenses		269.63	652.96
V	Profit/(Loss) before Exceptional items and tax (III - IV)		40.69	34.68
VI	Exceptional items		0.00	0.00
VII	Profit/(Loss) before tax (V - VI)		40.69	34.68
VIII	Tax expense:			
	(1) Current Tax - Current Year		13.89	7.37
	- Previous Years		0.41	0.00
	(2) Deffered Tax - Current Year		2.26	0.46
	(2) MAT Credit		0.00	(0.38)
IX	Profit/ (Loss) for the period (VII - VIII)		24.13	27.23
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		24.13	27.23
XII	Earning per equity share (in Rupees):			
	- Basic & Diluted		2,534	2,860
	(Face value of Rs. 1000/- per Share)			

See Accompanying notes to the financial statements

AS PER OUR REPORT DATED 31.03.2022

for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

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

PLACE : MANGALAGIRI
DATE : 10.03.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-
J V N SUBRAMANYAM, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
DIN:07935156

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

Sd/-
M GOVINDA REDDY
CHAIRMAN
DIN:01216133

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



ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2021

(Rs. in Crores)

Details	Share Capital	Other Equity				
	Equity shares of Rs.1,000/- each fully paid	Reserves and Surplus			Other items of other comprehensive income (Employee cost - Actuarial gain (loss))	Total
		Capital Reserve	General Reserve	Retained Earnings		
Balance as at the beginning of the year 2019-20	9.52	7.58	0.00	375.11	0.00	382.69
Changes in accounting policy or prior period errors	0.00	0.00	0.00	(7.43)	0.00	(7.43)
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	27.23	0.00	27.23
Any other changes	0.00	0.00	0.00	0.00	0.00	0.00
Balance at the end of the reporting year 2019-20	9.52	7.58	0.00	394.91	0.00	402.49
Balance as at the beginning of the year 2020-21	9.52	7.58	0.00	394.91	0.00	402.49
Changes in accounting policy or prior period errors	0.00	0.00	0.00	6.19	0.00	6.19
Restated balance at the beginning of the reporting period	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income for the year	0.00	0.00	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to retained earnings	0.00	0.00	0.00	24.13	0.00	24.13
Any other changes	0.00	0.00	0.00	0.05	0.00	0.05
Balance at the end of the reporting year 2020-21	9.52	7.58	0.00	425.28	0.00	432.86

AS PER OUR REPORT DATED 31.03.2022

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

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
 J V N SUBRAMANYAM, IAS
 VICE CHAIRMAN & MANAGING DIRECTOR
 DIN: 07935156

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

Sd/-
 M GOVINDA REDDY
 CHAIRMAN
 DIN: 01216133

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

PLACE : MANGALAGIRI
 DATE : 10.03.2022

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

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

1. COMPANY INFORMATION:

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

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

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

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

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

These Financial Statements are approved for issue by the Board of Directors of the company on 10.03.2022

2.1 Basis of preparation of Financial Statements

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

2.2 Use of Estimates:

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

Significant Accounting Policies:

2.3 Plant, Property and Equipment:

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

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

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

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

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

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

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

2.4 DEPRECIATION:

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

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

2.5 Financial Instruments

Initial Recognition

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

Subsequent measurement

Financial asset carried at amortised cost

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

Financial Assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Borrowings and other financial liabilities

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

Investments in subsidiaries and associates

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

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

Share Capital

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

De-recognition of financial instruments

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

Fair value of financial instruments

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

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

2.7 IMPAIRMENT

Financial assets

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

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

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

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

Non-financial assets

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

2.8 Inventories

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

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

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

2.9 Provisions and Contingencies

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

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

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

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

2.10 Income Recognition

Income from sale of land, Shed and buildings is recognised on execution of sale agreement and handing over physical possession of the premises. With respect of sale of land, the completion of contractual performance obligations is treated as satisfied over period of time as per IND AS 115.

Lease income is recognised in the statement of Profit and Loss on the following lines:

A) Upfront cost of Land received in respect of Lease Deeds executed is being amortised over the lease term and revenue recognised accordingly considering the lease as operating lease.

B) Upfront cost of Infrastructure/ Development received in respect of Lease Deeds executed is recognised as revenue in the year in which the lease deeds are executed.

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

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

2.11 Expenditure

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

2.12 Government Grants

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

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

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

2.13 Employee Cost and Retirement Benefits

Defined Contribution Plans

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

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

Defined Benefit Plans

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

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

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

2.14 Borrowing Cost

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

2.15 Income tax

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

2.16 Current tax

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

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

2.17 Deferred Tax

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

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

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

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

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

2.18 Critical accounting judgements and key sources of estimation uncertainty

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

Critical Judgements

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

Contingencies and commitments

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

Key Sources of estimation uncertainty

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

Allowance for doubtful debts

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

Provision for bad and doubtful debts is made at 100% on sundry debtors exceeding 3 years in respect of water, rentals, hire purchase etc., for both principal and interest 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 2020-21

BALANCE SHEET:

NON-CURRENT ASSETS

3.1 TANGIBLE ASSETS

3.1.1 GROSS BLOCK AT COST

(Rs.in Crores)

PARTICULARS	As at 31st March, 2020	Additions during the year	Deductions during the year	As at 31st March, 2021
LAND INCLUDING LAND DEVELOPMENT	0.06	0.00	0.00	0.06
BUILDINGS	50.23	8.90	0.00	59.13
REFRIGERATORS, ACS AND AIR COOLERS	0.15	0.00	0.00	0.15
FURNITURE AND FIXTURES	5.10	0.24	0.00	5.34
OFFICE EQUIPMENT	0.68	0.02	0.00	0.70
VEHICLES	1.51	0.56	0.00	2.07
ELECTRICAL EQUIPMENT	0.28	0.03	0.00	0.31
DRAWING EQUIPMENT	0.01	0.00	0.00	0.01
COMPUTER	8.76	1.99	0.00	10.75
LAND - SEZ	0.00	0.00	0.00	0.00
LAND DEVELOPMENT - SEZ	0.00	0.00	0.00	0.00
BUILDING - SEZ	0.00	0.00	0.00	0.00
WATER SUPPLY - SEZ	0.00	0.00	0.00	0.00
SEWERAGE - SEZ	0.00	0.00	0.00	0.00
EXTERNAL ELECTRIFICATION - SEZ	0.00	0.00	0.00	0.00
ROADS AND BRIDGES - SEZ	0.00	0.00	0.00	0.00
SOLAR POWER PLANT	12.64	0.00	0.00	12.64
CURRENT YEAR	79.42	11.74	0.00	91.16
PREVIOUS YEAR	335.29	25.89	281.76	79.42

3.1.2 DEPRECIATION BLOCK

(Rs.in Crores)

PARTICULARS	As at 31st March, 2020	Additions during the year	Deductions during the year	As at 31st March, 2021
BUILDINGS	1.65	0.93	0.00	2.58
REFRIGERATORS, ACs AND AIR COOLERS	0.12	0.01	0.00	0.13
FURNITURE AND FIXTURES	1.03	0.47	0.00	1.50
OFFICE EQUIPMENT	0.53	0.04	0.00	0.57
VEHICLES	1.22	0.16	0.00	1.38
ELECTRICAL EQUIPMENT	0.20	0.01	0.00	0.21
DRAWING EQUIPMENT	0.01	0.00	0.00	0.01
COMPUTER	5.05	2.07	0.00	7.12
BUILDING - SEZ	0.00	0.00	0.00	0.00
WATER SUPPLY - SEZ	0.00	0.00	0.00	0.00
SEWERAGE - SEZ	0.00	0.00	0.00	0.00
EXTERNAL ELECTRIFICATION - SEZ	0.00	0.00	0.00	0.00
ROADS AND BRIDGES - SEZ	0.00	0.00	0.00	0.00
SOLAR POWER PLANT	4.02	0.47	0.00	4.49
CURRENT YEAR	13.83	4.16	0.00	17.99
PREVIOUS YEAR	85.27	4.26	75.70	13.83

3.1.3 NET BLOCK

(Rs.in Crores)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
LAND including Land Development	0.06	0.06
BUILDINGS	56.55	48.58
REFRIGERATORS, ACs AND AIR COOLERS	0.02	0.03
FURNITURE AND FIXTURES	3.84	4.07
OFFICE EQUIPMENT	0.13	0.15
VEHICLES	0.69	0.29
ELECTRICAL EQUIPMENT	0.10	0.08
DRAWING EQUIPMENT	0.00	0.00
COMPUTER	3.63	3.71
LAND - SEZ	0.00	0.00
LAND DEVELOPMENT - SEZ	0.00	0.00
BUILDING - SEZ	0.00	0.00
WATER SUPPLY - SEZ	0.00	0.00
SEWERAGE - SEZ	0.00	0.00
EXTERNAL ELECTRIFICATION - SEZ	0.00	0.00
ROADS AND BRIDGES - SEZ	0.00	0.00
SOLAR POWER PLANT	8.15	8.62
CURRENT YEAR	73.17	65.59
PREVIOUS YEAR	65.59	250.02

3.1.4 Land including Land Development

During the previous year, Land and Infrastructure Costs pertaining to Special Economic Zones to a tune of Rs.141.39 crores was transferred at historical cost to Investment Property from Plant, Property and Equipment as per Ind AS 40.

3.1.5 Buildings

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

3.1.6 Vehicles

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

3.1.7 Depreciation:

The depreciation is calculated based on the useful life of the asset as per the provisions of schedule II of the Companies Act, 2013. Accordingly, an amount of Rs.5.34 crores (Previous Year: Rs.4.97 crores) was charged to Profit and Loss statement.

3.1.8 SPECIAL ECONOMIC ZONES (SEZ):

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

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

3.1.9 There is no impairment of Fixed Assets during the year

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
4.1 CAPITAL WORK IN PROGRESS		
As per last Balance Sheet	62.99	39.21
Add: Additions during the period	10.77	23.78
Less: Adjustment against Grant/ Capitalisation	45.38	0.00
TOTAL	28.38	62.99

4.2 INVESTMENT PROPERTY

4.2.1 GROSS BLOCK AT COST (Rs.in Crores)

PARTICULARS	As at 31st March, 2020	Additions during the year	Deductions during the year	As at 31st March, 2021
LAND	197.08	0.00	0.00	197.08
BUILDINGS	72.96	0.00	0.00	72.96
CURRENT YEAR	270.04	0.00	0.00	270.04
PREVIOUS YEAR	95.75	176.86	2.57	270.04

4.2.2 DEPRECIATION BLOCK (Rs.in Crores)

PARTICULARS	As at 31st March, 2020	Additions during the year	Deductions during the year	As at 31st March, 2021
BUILDINGS	2.09	1.15	0.00	3.24
CURRENT YEAR	2.09	1.15	0.00	3.24
PREVIOUS YEAR	0.93	1.16	0.00	2.09

4.2.3 NET BLOCK (Rs.in Crores)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
LAND	197.08	197.08
BUILDINGS	69.72	70.87
CURRENT YEAR	266.80	267.95
PREVIOUS YEAR	267.95	94.82

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

5 FINANCIAL ASSETS (NON - CURRENT ASSETS)	% of Holding	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 01-4-2020
5.1 INVESTMENTS			
A. INVESTMENTS IN EQUITY INSTRUMENTS			
<u>INVESTMENTS IN SUBSIDIARY COMPANIES</u>			
I 4,11,58,800 equity shares of Rs.10/- each fully paid-up in Atchutapuram Effluent Treatment Limited (P.Y - 3,85,03,775 equity shares of Rs.10/- each)	73.64	41.16	38.50
II 2,71,66,000 equity shares of Rs.10/- each fully paid up in A P Gas Infrastructure Corporation P Ltd (Rs.9/- per equity share written off)	51	2.72	2.72
III 51,000 equity shares of Rs. 10/- each fully paid-up in Krishnapatnam International Leather Complex Pvt. Ltd.	51	1.90	1.80
<u>INVESTMENTS IN JOINT VENTURES</u>			
IV 45,32,24,284 equity shares of Rs.10/- each fully paid-up in NICDIT Krishnapatnam Industrial City Development Limited (P.Y - 25,00,000 equity shares of Rs.10/- each)	50	453.22	2.50
V 2,20,27,071 equity shares of Rs.10/- each fully paid-up in Visakhapatnam Industrial Water Supply Company Ltd	49	22.03	22.03
<u>INVESTMENTS IN ASSOCIATE COMPANIES</u>			
VI 1,30,00,000 equity shares of Rs.10/- each fully paid up in AP-ADE Manufacturing Parks Private Limited (Formerly Andhra Pradesh Aerospace & Defence Electronics Park Private Limited)	28.58	13.00	13.00
VII 52,00,000 equity shares of Rs.10/- each fully paid up in Ace Urban Hitech City Limited	26	5.20	5.20
VIII 26,000 equity shares of Rs.10/- each fully paid up in Adani KP Agri Ware Housing Company Private Limited (Formerly KP Agri Ware Housing Company Private Limited)	26	5.20	5.20
<u>INVESTMENTS IN RELATED PARTY COMPANIES</u>			
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 58,70,849 equity shares of Rs.10/- each fully paid-up in AP Gas Distribution Corporation Limited	7.65	5.87	5.87
XII 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
XIII 12,145 equity shares of Rs.10/- each fully paid-up in Hyderabad Information Technology Venture Enterprises Ltd	4.86	0.01	0.01
XIV 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

XV 22,30,961 equity shares of Rs.10/- each fully paid-up in Bhagyanagar Gas Limited	2.49	2.23	2.23
XVI 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
		553.16	99.68
Add: Deposit towards share application money			
A.P Aerospace & Defence Electronics Park P Ltd		0.10	0.00
Bhagyanagar Gas Ltd		0.10	0.00
APIIC Food Park (Krishna District) Limited		0.01	0.01
		553.37	99.69
Less: Provision for impairment of investments			
A P Gas Infrastructure Corporation Limited		2.72	2.72
Ace Urban Hitech City Limited		4.43	4.91
Bharatiya International SEZ Limited		0.06	0.03
AP Gas Distribution Corporation Limited		0.08	0.02
TOTAL		546.08	92.01

5.1.1 Investment in AP Gas Infrastructure Corporation Pvt Limited :

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

An amount of Rs. 24.45 crores was written off in the books of accounts duly retaining Rs. 2.72 crores (i.e., 10% value in investment of 2,71,66,000 equity shares @ Rs. 10/- each) in the earlier years towards investment in APGIC as the subsidiary company had incurred losses continuously. Further, an amount of Rs.2.72 crores was provided towards impairment of investments during the previous year as the subsidiary has incurred further losses. In addition, an amount of Rs.1.24 crores released to APGIC for day to day expenses was provided as Bad Debts upto the end of the 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 in earlier years. The Company invested an amount of Rs.6.53 crores in cash in the JV Company in earlier years.

5.1.4 Investments in Atchutapuram Effluent Treatment Limited :

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

5.1.5 Investments in AP-ADE Manufacturing Parks Private Limited

(Formerly A.P Aerospace & Defence Electronics Park Private Limited)

The company has allotted an extent of 264.06 acres of land to M/s Andhra Pradesh Aerospace & Defence Electronics Park Private Limited in anantapuramu district for which part consideration worth Rs.13.00 crores towards 26% share was invested in the SPV as per the orders of Government of Andhra Pradesh vide G.O Ms. No.76, dated 14.09.2015 of Industries and Commerce (Infra) Department during the previous year. Accordingly, 1,30,00,000 equity shares of Rs.10/- each were allotted to the company 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 Government of Andhra Pradesh vide G.O RT No.133, dated 07.05.2018 of Industries and Commerce (Infra) Department. During the year an extent of 1,814.51 acres of land was leased to NICDIT Krishnapatnam Industrial City Development Limited on 26.03.2021 for a consideration of Rs.450.72 crores for a period of 99 years for which the company has received 45,07,24,284 Equity Shares of Rs.10/- each during the year.

5.1.7 Investments in Adani KP Agri Ware Housing Company Private Limited

(Formerly KP Agri Ware Housing Company Private Limited)

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

5.1.8 Investments in AP Gas Distribution Corporation Limited

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

5.1.9 Investments in Bhagyanagar Gas Limited

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

5.1.10 Investments in AP Bulk Drug Infrastructure Limited

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

5.1.11 Investments in APIIC Food Park (Krishna District) Limited

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

5.1.12 Investments in Tirupati Electronics Manufacturing Cluster Limited

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

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

5.1.14 Provision for Impairment of investments

An amount of Rs. 7.29 crores was provided towards impairment in the value of investments during the year (Previous Year - Rs.7.68 crores) in respect of investments made in certain Subsidiaries/ JVs as indicated at note no.5.1.

5.1.15 Investments transferred to TSIIC Limited :

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

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

Name of the Company	% of Holding	Amount (Rs. In crores)	Basis of allocation
1. Fab City SPV India Pvt Limited	89	0.01	Location
2. E City manufacturing Cluster Limited	100	0.01	Location
3. Maheswaram Science Park Limited	100	0.01	Location
4. Cyberabad Convention Centre Pvt Limited	26	38.48	Location
5. Boulderhills Leisure Pvt Limited	26	19.75	Location
6. Emmar Hills Township Pvt Limited	26	25.03	Location
7. K Raheja IT Park Limited	11	2.20	Location
8. In time 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 31-3-2021

(Rs.in Crores)
As at 01-4-2020

5.2 LOANS

Secured and Considered Good:

Loans & Advances to related Parties	82.76	114.02
Advances to Staff	1.58	1.46
Sub-Total	84.34	115.48

Unsecured and Considered Good:

Loans & Advances to related Parties	221.11	60.51
Advances to Staff	0.04	0.06
Other Loans & Advances	400.06	483.04
Sub-Total	621.21	543.61
TOTAL	705.55	659.09

5.2.1 RELATED PARTY TRANSACTIONS:**(Rs.in Crores)**

NAME OF THE TRANSACTING RELATED PARTY	RELATIONSHIP	VOLUME OF TRANSACTION DURING THE YEAR	OUTSTANDING AS ON 31.03.2021	AMOUNTS WRITTEN OFF/ WRITTEN BACK
1. AP Gas Infrastructure Corporation Pvt Limited	Subsidiary	0.05	1.98	0.00
2. Krishnapatnam International Leather Complex P Ltd	Subsidiary	0.00	29.29	0.00
3. Atchutapuram Effluent Treatment Limited (Acc. Interest)	Subsidiary	0.21	2.80	0.00
4. APIIC Food Park (Krishna District) Limited	Subsidiary (Pending share allotment)	20.45	49.99	0.00
5. Tirupati Electronics Manufacturing Cluster Limited		0.00	0.00	0.00
6. Visakhapatnam Industrial Water Supply Company (Acc. Interest on Secured Loan)	Joint Venture	-31.26	82.76	0.00
TOTAL		-10.55	166.82	0.00

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

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

The following are the details of the transactions withdrawn:

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

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

5.2.3 Loan to Kondapalli Effluent Treatment Limited:

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

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

5.2.5 Transactions relating to Tirupati Electronics Manufacturing Cluster Limited

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

The following are the details of the transactions withdrawn:

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

The value of land pertaining to the SPV is retained in the books of APIIC Limited only as the land is neither physically handed over nor legally transferred to the SPV as on the date of Balance Sheet. Further, the amounts received from the entrepreneurs upto the end of the year towards allotment of land are retained in the books of APIIC Ltd only and the same will be transferred to the SPV on execution of Sale Deed/ Lease Deed in favour of allottees as the legal liability vests with APIIC only till execution of Sale Deed/ Lease Deed.

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

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-03-2020
5.3 OTHERS		
Fixed Deposits	0.00	0.00
Public Deposit Account	1,758.70	1,448.30
Securities against Guarantees	16.00	16.55
Accrued int. on Fixed Deposits	1.30	0.43
Others	51.91	65.67
TOTAL	1,827.91	1,530.95
6 OTHER NON - CURRENT ASSETS		
6.1 CURRENT TAX ASSETS (NET)	28.14	4.91
6.2 OTHER NON - CURRENT ASSETS		
Due from GoAP	139.27	24.33
Taxes paid under protest	57.31	56.22
Security Deposits (Unsecured)	0.53	0.52
Deposit towards Land Acquisition	828.08	717.70
Others	22.02	21.83
TOTAL	1,047.21	820.60
CURRENT ASSETS		
7 INVENTORIES		
(As certified by the management)	0.46	0.46
Construction materials	2,708.39	2,988.94
Stock in trade - Land	0.09	0.00
Stock in Trade - Development	131.78	166.24
Stock in Trade - Development (Leased Lands)	43.80	42.04
Sub-Total	2,884.52	3,197.68
Work - in progress	329.37	447.84
TOTAL	3,213.89	3,645.52

7.1 Government Lands:

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

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

During the year, Land in Non-SEZs to the extent for which Lease Deeds are executed to a tune of Rs.67.07 crores was transferred at cost to Investment Property from Inventory as per Ind AS 40.

8 FINANCIAL ASSETS

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

(Rs.in Crores)
As at 31-3-2020

8.1 TRADE RECEIVABLES

(Unsecured and Considered Good)

Debts exceeding 12 months	39.77	62.93
Other debts	16.79	8.82
	56.56	71.75
Less: Provision for doubtful debts	26.89	8.02
TOTAL	29.67	63.73

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.

8.2 CASH AND BANK BALANCES

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

(Rs.in Crores)
As at 31-3-2020

I) CASH AND CASH EQUIVALENTS

Balance in Bank Accounts	54.68	70.15
Balance with Banks - Estates	7.07	13.59
Cash in Transit	2.82	0.00
Bank Deposits less than 3 months		
Fixed Deposits	0.00	170.00
Securities against Guarantees	0.54	0.00
Accrued interest on Fixed Deposits	0.11	10.22
Sub-total	65.22	263.96

II) BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Earmarked Balances with Banks

Bank Accounts - Govt. Grants	62.55	94.75
Bank Deposits more than 3 months and less than 12 months		
Fixed Deposits	0.00	463.04
Securities against Guarantees	9.00	7.93
Accrued interest on Fixed Deposits	0.25	8.73
Sub-total	71.80	574.45
TOTAL	137.02	838.41

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

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

	(Rs.in Crores)		
NAME OF THE BANK	Amount Invested	Collateral Security	Free Hold Amount
Andhra Bank, Ring Road Branch, Vijayawada	0.20	0.20	0.00
HDFC Bank, Gurunanak Colony Branch, Vijayawada	4.20	3.91	0.29
Canara Bank, SME Branch, Vijayawada	21.14	18.96	2.18
TOTAL	25.54	23.07	2.47

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
8.3 LOANS		
Secured and Considered Good:		
Loans & Advances to related Parties	1.98	0.72
Advances to Staff	0.34	0.34
Sub-Total	2.32	1.06
Unsecured and Considered Good:		
Advances to Staff	0.01	0.01
Loans to Other PSUs	235.00	0.00
Interest free Loans & Advances to Staff & Others	0.02	0.03
Sub-Total	235.03	0.04
TOTAL	237.35	1.10

8.4 OTHERS		
Due from TSIC	8.33	8.33
Due from GoAP	77.14	0.00
Other Advances	1.53	0.39
TOTAL	87.00	8.72

8.4.1 The company availed the facility of moratorium in respect of payment of principal and interest for the period from March-2020 to August-2020 as announced by the Reserve Bank of India vide their circular no. RBI/2019-20/186, dated 27.03.2020. Accordingly, an amount of Rs.77.14 crores payable as interest to the 3 banks was capitalised. Since, GoAP have agreed to repay the entire term loan, the amount of Rs.77.14 crores is shown as Due from GoAP - Interest on Loans.

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
9 OTHER CURRENT ASSETS		
Tax Deducted at Source	21.74	15.28
MAT Credit	3.59	3.59
Other advances	6.64	5.42
TOTAL	31.97	24.29

9.1 MAT Credit Receivable comprises of amounts relating to F.Y 2014-15 Rs.3.59 crores

10 AP REORGANISATION ADJUSTMENT ACCOUNT	225.62	225.62
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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, 2021 No. of shares	As at 31st March, 2020 No. of shares
Governor of Andhra Pradesh (100% holding)	95222	95222

11.2 The Company has only one class of shares i.e., equity shares ranking pari passu with all respects including entitlement of dividend, voting and repayment of capital. Each equity share carries one vote.

NON-CURRENT LIABILITIES:**(Rs.in Crores)
As at 31-3-2021****(Rs.in Crores)
As at 31-3-2020****12 FINANCIAL LIABILITIES****12.1 BORROWINGS - Secured**

Term Loans from Banks	1,999.07	2,000.00
Interest accrued but not due (Payable from 2022-23)	82.76	114.02
TOTAL	2,081.83	2,114.02

12.1.1 Loan from NTPC and RINL:

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

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

VIWSCO has created the first charge on its assets to RINL and NTPC for the loan amount. As at the beginning of the year, there is no outstanding balance due towards principal in respect of RINL, NTPC and GVMC.

12.1.2 Loan from Banks

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

NAME OF THE BANK	F.Y. 2020-21		F.Y. 2019-20	
	PRINCIPAL	ACC. INTEREST	PRINCIPAL	ACC. INTEREST
Union Bank of India (Principal - Rs.500 crores)	487.41	2.83	500.00	3.27
Canara Bank (Principal - Rs.750 crores)	748.59	4.31	750.00	0.00
Bank of India (Principal - Rs.750 crores)	763.07	4.77	750.00	0.00
TOTAL	1,999.07	11.91	2,000.00	3.27

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

Out of the total loan amount, an amount of Rs. 520.00 crores was held with the corporation and Rs.1,480.00 crores was deposited in the PD Account of the corporation as per the instructions of the Government of Andhra Pradesh vide Lr. No.21025/23/CM/2017, dated 02.01.2018 of Finance (DM) Department. The interest component on the loan amount deposited in the PD Account is being serviced by Government of Andhra Pradesh by release of amount to the PD Account of the company. Accordingly, during the year an amount of Rs.335.99 crores was received from GoAP out of which Rs.252.95 crore is available. The same is exhibited as Due to GoAP under Other Current Liabilities (Financial).

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

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
12.2 OTHER FINANCIAL LIABILITIES		
Due to GoAP - Land	1,176.23	1,019.93
Other Liabilities	53.27	42.35
TOTAL	1,229.50	1,062.28
13 PROVISIONS		
Provision for leave Benefits		
As per the last balance sheet	9.54	9.54
Add: Additions during the year	9.83	0.00
Less: Payments/adjustments during year	9.54	0.00
TOTAL	9.83	9.54

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 division of employees was entrusted to the expert committee vide G.O. Rt. No. 2066, Dt: 26.09.2016.

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

14 DEFERRED TAX LIABILITIES (NET)

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

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
Deferred Tax Liability	7.83	5.59
Less: Deferred Tax Asset	2.58	2.60
Net Deferred Tax Liability (Asset)	5.25	2.99
15 OTHER NON - CURRENT LIABILITIES		
Funds from ITE & C Department	57.79	57.80
Deposit towards works undertaken	249.68	246.63
Deposits towards Lease Premium - SEZ & NON SEZ	1,082.75	949.06
Land Conversion Charges	262.93	262.93
Advance Receipt - Lease & ORS	47.14	0.00
Other liabilities	152.80	274.58
TOTAL	1,853.09	1,791.00

15.1 Deposit towards works undertaken:

The Company has been executing civil works on behalf of various Departments/ Undertakings of State and Central Governments. These works which are in various stages of completion are in possession of the Company and they are to be handed over to the respective Departments after their completion. The amounts of unspent balance outstanding are shown under Deposits towards works undertaken. During the year, the company has made a provision for Bad Debts to a tune of Rs.16.99 crores in respect of the amounts receivable from other Government Departments as per the comments of C & AG on the accounts of the company for the F.Y 2018-19.

15.2 Land Conversion Charges:

As per the AP Non Agricultural Land (conversion for non agricultural purpose) Act, 2006, conversion charges are payable by the owner or occupier for conversion of agricultural land. The company sought exemption from the Government of Andhra Pradesh from levy of conversion charges for the lands acquired by the company.

Pending receipt of decision of the Government, an amount of Rs.262.93 crores was retained in the books of accounts towards conversion charges. However the company has not made provision for conversion charges where lands are allotted on as is where is basis (UDL) as the allottees are required to pay / seek exemption in respect of conversion charges.

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

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

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

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

15.4 Industrial Infrastructure Upgradation Fund (IIDF):

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

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

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

	(Rs.in Crores)	
SCHEME	2020-21	2019-20
MIIUS, Hindupur	33.43	0.00
EMC-II, Vikruthamala	9.31	0.00
Mega Food Park, Mallavalli	0.00	4.20
MSECDP	0.00	2.00
TOTAL	42.74	6.20

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
CURRENT LIABILITIES		
16 FINANCIAL LIABILITIES		
16.1 BORROWINGS		
Accrued interest on Loan from Banks	11.91	3.27
TOTAL	11.91	3.27
16.2 TRADE PAYABLES		
Trade Payables	135.30	117.81
TOTAL	135.30	117.81
16.3 OTHER FINANCIAL LIABILITIES		
Other Liabilities	271.84	295.30
TOTAL	271.84	295.30

- 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.70.40 crores (Previous Year - Rs.84.65 crores).

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
17 OTHER CURRENT LIABILITIES		
Deposits received from allottees	1,439.62	1,402.77
Other Current Liabilities	32.46	30.11
TOTAL	1,472.08	1,432.88

The company sold industrial plots at Visakhapatnam on behalf of M/s Vizag Apparel Park. Accordingly, an amount of Rs.5.60 crores is included in other current liabilities as Due to textile department i.e., M/s Vizag Apparel Park. The same is under reconciliation with the company.

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
18 PROVISIONS		
(a) PROVISION FOR EMPLOYEE BENEFITS		
18.1 Provision for leave Benefits		
As per the last balance sheet	0.80	0.80
Add: Additions during the year	0.43	0.00
Less: Payments/adjustments during year	0.80	0.00
SUB-TOTAL	0.43	0.80
(b) OTHERS		
18.2 Provision for PS charges		
As per the last balance sheet	5.61	2.24
Add: Additions during the year	0.75	6.96
Less: Payments/adjustments during year	0.00	3.59
SUB-TOTAL	6.36	5.61
18.3 Provision for Contractual Obligations		
As per the last balance sheet	1,043.30	674.00
Add: Additions during the year	0.00	1,043.30
Less: Adjustments made during year	111.88	674.00
SUB-TOTAL	931.42	1,043.30
18.4 Provision for taxation		
As per the last balance sheet	19.94	12.57
Add: Additions during the year	13.87	7.37
Less: Payments/adjustments during year	0.00	0.00
Sub-total	33.81	19.94
18.5 Provision for Writedown of Inventories		
As per the last balance sheet	0.73	0.81
Add: Additions during the year	0.00	0.00
Less: Payments/adjustments during year	0.00	0.08
Sub-total	0.73	0.73
TOTAL	972.75	1,070.38

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

18.7 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

S.No.	PARTICULARS	31.03.2021 (Rs.in crores)	31.03.2020 (Rs.in crores)
a.	Claims against the company not acknowledged as debts	0.00	0.00
b.	Guarantees	23.07	3.11
c.	<u>Other money for which the company is contingently liable :</u>		
	i) Income Tax Demands	10.69	18.61
	ii) Service Tax Demands	0.00	0.16
	iii) Legal cases	342.35	733.75
	iv) Conversion Charges	574.61	574.61
	TOTAL	927.65	1,327.13
	GRAND TOTAL	950.72	1,330.24

Commitments

S.No.	PARTICULARS		31.03.2021 (Rs.in crores)	31.3-2020 (Rs.in crores)
a.	Other Commitments		192.37	237.97
	Total		192.37	237.97

(Rs.in Crores) (Rs.in Crores)

As at 31-3-2021 As at 31-3-2020

19 REVENUE FROM OPERATIONS

Sale of Land, Sheds, lease etc... less Sales Returns	204.76	492.70
Interest, Lease and other rental income	12.35	24.28
Water Demands	39.12	37.17
Other Operating Revenue	7.94	11.74
TOTAL	264.17	565.89

19.1 The impact on the revenue with respect to the previous years due to change in Accounting policy on Revenue Recognition as per Ind AS 115 could not be quantified.

20 OTHER INCOME

Interest Income	22.30	52.05
Dividend	0.06	0.03
Other non operating income	23.79	69.67
TOTAL	46.15	121.75

EXPENDITURE

21 COST OF SALES

Cost of sales - Land, Sheds & Lease	75.86	485.00
TOTAL	25.90	0.00
	101.76	485.00

22 EMPLOYEE BENEFITS EXPENSE

Salaries and Allowances		
Contribution towards Provident and other Funds	35.10	32.21
Contribution to Group Gratuity Premium	2.92	2.25
Staff Welfare Expenses	1.11	1.04
TOTAL	39.13	35.50

22.1 Salaries and Allowances includes managerial remuneration

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

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

22.3 Managerial Remuneration to Directors

For the year 2020-21
Rs. in crores

For the year 2019-20
Rs. in crores

Salaries and Allowances	0.85	0.60
Medical Expenses	0.00	0.02
Rent	0.06	0.02
TOTAL	0.91	0.64

23 FINANCE COST

Interest on Term Loans from banks	0.00	56.60
TOTAL	0.00	56.60

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
24 OTHER EXPENSES		
(a) Rebate to allottees on Land Cost	30.31	12.29
(b) Repairs and Maintainance	0.45	0.53
(c) Expenditure on ERP & Others	0.97	0.82
(d) Infrastructure Expenditure on IT Industrial Promotion	8.82	0.00
(e) ADMINISTRATION & GENERAL EXPENSES		
Travelling Expenses	0.51	0.48
Rent	0.10	0.31
Rates and taxes	0.01	0.05
Vehicle maintenance	3.32	2.54
Electricity charges	4.18	3.98
Water charges	17.70	17.78
R&M - Estates, Preliminary Land Survey Etc.,	14.06	3.46
Insurance	0.04	0.03
Expenditure on Social Welfare	0.20	0.15
Provision for Bad and Doubtful Debts	18.52	1.72
Other expenses	24.20	26.74
SUB-TOTAL	82.84	57.24
TOTAL (a + b + c + d + e)	123.39	70.88

24.1 Other Administrative expenses includes the following auditors' remuneration:	(Rs.in Lakhs) As at 31-3-2021	(Rs.in Lakhs) As at 31-3-2020
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	0.30	0.30
TOTAL	5.30	5.30

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

24.3 No provision was made in the Books of Accounts during the year and previous year towards Payment of Interest on GST duly adjusting the Input Tax Credit to the Output GST as per the company's calculations which will be finalised on completion of GST Audit and filing of GST Annual Return for the F.Y 2020-21.

24.4 As per section 135 of the Companies Act, 2013, the company is required to spend an amount of Rs. 0.68 crores during the year (P.Y - Rs.0.33 crores) towards expenditure on Corporate Social Responsibility. Accordingly, during the year an amount of Rs.0.20 crore (P.Y - Rs.0.55 crore) was spent towards Corporate Social Responsibility for construction of rythu bazar, cremation shelter, anganvadi schools, community halls and burial ground 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 division of employees was entrusted to the expert committee vide G.O. Rt. No. 2066, Dt: 26.09.2016.

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

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

Book value of total assets of Rs. 3,734.90 crores and liabilities of Rs. 3,509.31 crores as on 01.06.2014 were transferred and vested with 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 balances in Receivables, creditors and various advances are subject to reconciliation/confirmations and adjustments, if any. Such adjustments, in the opinion of the management, are not likely to be material and will be carried out as and when ascertained.
- 29** Previous year's figures have been regrouped/ reclassified / rearranged wherever necessary and have been rounded off to crores.

AS PER OUR REPORT DATED 31.03.2022

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

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

PLACE : MANGALAGIRI
DATE : 10.03.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-
J V N SUBRAMANYAM, IAS
VICE CHAIRMAN & MANAGING DIRECTOR
DIN: 07935156

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

Sd/-
M GOVINDA REDDY
CHAIRMAN
DIN: 01216133

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



ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Rs. in Crores)

Particulars	Current Year (2020-21)	Previous Year (2019-20)
Cash flows from operating activities:		
Net profit before taxation and exceptional items	40.69	34.68
Add: Adjustments for:		
Depreciation and amortisation	5.35	4.98
Dividend Income	(0.06)	(0.03)
Interest Expenses	0.00	56.60
Profit / loss on sale of fixed assets	0.00	0.00
Operating profit before working capital changes	45.98	96.23
Add: Adjustments for:		
Inventories	(142.71)	(82.42)
Trade receivables	54.99	0.78
Other current and non current assets	(216.31)	(272.19)
Loans and advances	(256.70)	(137.02)
Payables, liabilities and provisions	(143.22)	504.69
Net Cash Flow from operating activity before Income tax	(657.97)	110.07
Add: Income tax paid	(23.65)	(2.11)
Net Cash Flow from operating activities before exceptional items	(681.62)	107.96
Add: Exceptional item	0.00	0.00
Net Cash Flow from operating activities (I)	(681.62)	107.96
Cash flows from investing activities:		
Acquisition of fixed assets	(17.07)	(18.58)
Purchase of investments	(2.76)	(0.00)
Dividend income	0.06	0.03
Sale of fixed assets	0.00	0.00
Net cash flow from investing activities (II)	(19.77)	(18.55)
Cash flow from financing activities:		
Proceeds from issuance of share capital	0.00	0.00
Proceeds from long term borrowings	0.00	0.00
Interest paid on long term borrowings	0.00	(56.60)
Net cash flow from financing activities (I + II + III)	0.00	(56.60)
Net increase in cash and cash equivalents	(701.39)	32.81
Cash and cash equivalents at the beginning of the year	838.41	805.60
Cash and cash equivalents at the end of the year	137.02	838.41
This is the Cash flow statement referred to in our report		

AS PER OUR REPORT DATED 31.03.2022

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

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

PLACE : MANGALAGIRI
DATE : 10.03.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-
J V N SUBRAMANYAM, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
DIN:07935156

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

Sd/-
M GOVINDA REDDY
CHAIRMAN
DIN:01216133

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

Independent Auditor's Report

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

1. 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 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended and notes to the Standalone Ind AS Financial Statements, including a summary of the significant accounting policies and other explanatory information.
- B. In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Ind AS of the State of affairs (Financial Position) of the Corporation as at 31 March 2021, and its Profit (Financial Performance including Other Comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

2. Basis for Qualified Opinion

- A. We conducted our audit in accordance with the Standard on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules 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.

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)

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)

Deposits Received from allottees: Current year Rs.1439.62 Crores (Previous Year Rs. 1402.77 Crores)

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

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

d) Provision for contractual obligations: Current year – Rs. NIL (Previous Year – Rs.1043.30 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. Nil (Previous Year Rs.1043.30 Crores) and accordingly not provided any provision during the year. We are not clear, whether the non-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.

e) Inventory Rs. 3213.89 Crores (Previous Year Rs. 3645.52 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. less Sales Returns Rs. 204.76 Crores (Previous Year Rs. 492.70 Crores): (Refer Note No. 2.10)

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

1. Identify the contracts with the customers

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

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

2. Identifying separate performance obligations

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

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

Satisfaction of performance obligations

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

3. Determine the Transaction Price

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

4. Allocate the transaction price to the performance obligations

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

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

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

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

Revenue Recognition–Sale of Land, Sheds etc. less Sales Returns Rs. 204.76 Crores (Previous Year Rs. 492.70 Crores): (Refer Note No. 2.10)

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

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

Our Audit Qualification:

The Corporation has adopted Ind AS 115 for the First time in current year i.e, Financial year 2020-21

- A. As such, the transitional provisions as applicable to Ind AS 115 First Time adoption required to be applied. The Corporation has not applied the said transitional provisions.
- B. The adoption of the Ind AS 115 entails that the Corporation requires presenting a third Balance Sheet i.e, as on 01-04-2019. The Corporation has not furnished the third Balance sheet in accordance with the requirements of Ind AS 1.
- C. The Corporation recognized revenue as per Ind AS 115 basis 'satisfied over period of time'. In such an event the disclosures as to the computation and components are required to be furnished in the 'notes to accounts' for arriving at the amounts disclosed as Sales. The Corporation has not furnished the workings in that regard.
- D. Pursuant to Ind AS 115, to adopt the criteria of recognizing income basing on 'Performance Obligation satisfied over period of time' Vis-à-vis 'at a point in time', the following should be evaluated:

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

- a. The reason is that the customer is not simultaneously receiving and consuming the benefit provided by corporation as the corporation perform them.
 - i.e, The part completed / constructed real estate unit is not consumed immediately / simultaneously as work progresses
- b. Further the corporation performance is not creating/enhancing an Asset that the customer controls as the Asset is created/enhanced.

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

Customer has no ability to direct the construction or structural design

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

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

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

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

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

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

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

- e. *If a performance obligation is not satisfied over time, an entity/Corporation satisfies the performance obligation at a point in time. [Para 38 (a) to 38 (e)] Indicators are as under:*

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

- f. *Basis, the discussion at para (e) above, Revenue can be recognised at a point in time, after the event at para ((e)(ii)) above, i.e., upon execution of the Registered Sale Deed in favour of the customer.*

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

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

- g. **APIIC Food Park (Krishna District) Limited:**

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

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

An amount of Rs. 10,00,000/- made towards investment in Tirupati Electronics Manufacturing Cluster Limited shown as "Deposit towards share application money" under Note: 5.1(B) (Financial Accounts (Non – Current Assets)). The share allotment has to be completed within 2 months from the date of incorporation, in case of subscribers to Memorandum (As per clause "a" subsection 4 of section 56 of the Companies Act, 2013).

If a company fails to allot the shares within the prescribed time limit, it shall be liable to repay the application money with interest at a rate of twelve percent per annum from the expiry of sixtieth day (As per sub section 6 of section 42 of the Companies Act, 2013). In the instant case, no adherence observed to the relevant provisions of the Act.

3. Emphasis of Matter:

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

1) Non-Confirmation of Balances:

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

2) GST Liability:

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

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

3) Finalisation and approval of accounts for the year 2020-21 pending adoption of accounts by the shareholders in the AGM

Pending adoption of the revised accounts of the previous financial year, the Corporation has finalised and approved the accounts for the FY 2020-21 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) Disclosures on Operating Leases:

The Corporation in the status of Lessor in case of operating leases required to disclose maturity analysis of future minimum lease rental receivables in respect of non-cancellable operating leases along with description about the broad identification of leased assets and their range of lease tenures as well as the amount of total contingent rents recognized as leases as at the year end. This is in accordance with Ind AS 116 disclosure requirement. The Corporation has not disclosed the said information as required by the Ind AS 116. (Refer Note No.19)

5) Treatment of transactions pertaining to Industrial Area Local Authority:

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

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

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

6) Non-availability of Share Certificates:

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

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

4) Key Audit Matters

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

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

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

- A) The Corporation's Management & Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in Director's Report and annexure but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon. The Director's Report and annexure is expected to be made available to us after the date of this auditor's report. Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- B) In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 of the Act, read with relevant Rule issued thereunder.

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

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

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

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

- A.** Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.
- B.** As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:
 - I.** Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - II.** Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Corporation has adequate internal financial controls system in place and the operating effectiveness of such controls
 - III.** Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - IV.** Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
 - V.** Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- C.** We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- D.** We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- E.** From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II. Report on Other Legal And Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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 Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued thereunder,
 - E. In accordance with Notification No. G.S. R. 463 (E) dated 5 June 2015; the requirement of section 164(2) of the Companies Act, 2013 is not applicable to Government Companies.
 - F. With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in Annexure "B"; and
 - G. As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Corporation.
 - H. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Corporation has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements as at 31.03.2021.
 - 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.
3. Based on verification of books of accounts of the corporation and according to information and explanation given to us, we give a report in **Annexure "C"** on the Directions issued by the Comptroller and Auditor General of India in terms of Section 143(5) of the Act.

For POLINENI ASSOCIATES

Chartered Accountants

FRN: 006132S

Sd/-

(P. BALA SRINIVAS), Partner

M.No.028536

UDIN: 22028536AGFUOH5997

Place: Guntur

Date: 31-03-2022

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

(Referred to in Paragraph II(1) of our ‘Independent Auditor’s Report’ of even date) to the members of **M/s.ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE COPORATION LIMITED** (the “Corporation”) on the Standalone Ind AS Financial Statements of the Corporation for the year ended on 31st March 2021.

1. a) The Corporation has maintained proper records showing full particulars, including quantitative 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 “Parishram Bhawan” as mentioned vide Note No. 3.1.5 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 and Joint Ventures covered in the register to be maintained under section 189 of the Companies Act.

Name of the party	Relationship	Type	Amount (Rs.in Crores) Outstanding as on 31.03.2021
AP Gas Infrastructure Corporation Pvt Ltd	Subsidiary	Unsecured Loan	1.98
Krishnapatnam International Leather Complex Pvt Ltd	Subsidiary	Expenses	0.22
		Unsecured Loan	23.85
		Acc. Interest on	5.22
Visakhapatnam Industrial Water Supply Corporation	Joint Venture	unsecured loan Acc. Interest on	82.76
Atchutapuram Effluent Treatment Ltd	Joint Venture	secured loan Acc. Interest	2.80
APIIC Food Park (Krishna District) Limited	100% Wholly Owned Subsidiary (Pending share allotment)	Unsecured Loan	49.99

- 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. 166.60 Crores.
4. In our opinion and according to the information and explanation given to us, the Corporation has not granted any loans normade any investments and provided guarantee and securities, as per the provisions of Section 185 and Section 186 of the Companies Act, 2013. The corporation has not invested in not more than two layers of investment under section 186(1) of Companies Act, 2013. In our opinion; other sub-sections of section 186 of the Companies Act, 2013 prescribing the limits are not applicable to the Corporation since it is Infrastructure Corporation.
5. According to the information and explanation given to us the 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, 2021 for a period of more than six months from the date they become payable.
- b) According to the information and explanations given to us and the records of the Corporation examined by us, the following are the 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	1.00	2010-11	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	Income Tax	468.76	2017-18	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	Income Tax	104.47	2018-19	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	Income Tax	260.85	2019-20	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	Income Tax	230.90	2020-21	DCIT Circle-1(1), Hyderabad
Income Tax Act, 1961	TDS Defaults	2.71	2007-08 to 2016-17	TDS Ward-1, Tirupathi Range
Income Tax Act, 1961	TDS Defaults	0.46	2016-17 to 2020-21	TDS Ward-1, Vijayawada Range

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

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

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

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

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.5.2.1 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

Sd/-
(P.BALA SRINIVAS)
Partner
M.No.028536
UDIN: 22028536AGFUOH5997

Place: Guntur
Date: 31-03-2022

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

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

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

We have audited the Internal Financial Controls Over Financial Reporting of **M/s.ANDHRA PRADESH INDSTRUTIAL INFRASTRUCTURE CORPORATION LIMITED** (“the Corporation”) as at 31st March 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Corporation for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of Internal Financial Control System over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation’s Internal Financial Controls System over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

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

For POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S

Sd/-
(P.BALA SRINIVAS)
Partner
M.No.028536
UDIN: 22028536AGFUOH5997

Place: Guntur
Date: 31-03-2022

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph II(3) of our 'Independent Auditor's Report' of even date) to the members of **M/s. ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED** ("the Corporation") on the Standalone Ind AS Financial Statements of the Corporation for the year ended on 31st March 2021.

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

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

For POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S

Sd/-
(P.BALA SRINIVAS)
Partner
M.No.028536
UDIN: 22028536AGFUOH5997

Place: Guntur
Date: 31-03-2022



प्रधान महालेखाकार (लेखापरीक्षा) का कार्यालय,
आन्ध्र प्रदेश, विजयवाडा - 520 002.
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)
ANDHRA PRADESH, VIJAYAWADA - 520 002.



Lr.No.PAG(Au)/AP/TSC-I/AA/APIIC-FY21/2023-24/ 2 //

Date: .10.2023

To

Vice Chairman and Managing Director,
M/s. Andhra Pradesh Industrial Infrastructure Corporation Limited,
APIIC Towers, Plot No-1 (9th - 11th floors),
IT Park, Mangalagiri, Guntur (District),
Andhra Pradesh -522503

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 M/s Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) for the year ended 31 March 2021.

Sir,

I am to forward herewith Comments of the Comptroller and Auditor General of India (CAG) under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of APIIC for the year ended 31 March 2021 for necessary action.

2. The date of placing of CAG Comments along with Financial Statements and Auditors' Reports 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 CAG to the Government of Andhra Pradesh for the year ended 31 March 2021 for being laid before the State Legislature may also be intimated. Copy of letter from the Legislature Secretariat indicating date on which Annual Report laid before State Legislature may also be intimated.
4. Five copies of the annual report for the year 2020-21 are to be furnished to this Office.

Encl: As above

Yours faithfully,

Sd/-

BHASKAR KALLURU

Senior Deputy Accountant General

**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 2021**

The preparation of financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 31.03.2022.

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 2021 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

A. Comments on Financial Position

Balance Sheet

Assets

Current Assets

Financial Assets

Cash and Cash Equivalents (Note-8.2): ₹137.02 crore

1. The above includes ₹9.54 crore towards 'Securities against guarantees' in the form of Fixed Deposits (FDs) under Bank Deposits. Instead, the same should have been exhibited separately on the face of the Balance Sheet under 'Financial assets' along with necessary disclosures in Notes to Accounts to comply with provisions of Division-II of Schedule-III to the Companies Act, 2013. Thus, non-compliance resulted in understatement of Securities against guarantees and overstatement of Cash and Cash Equivalent by ₹9.54 crore each.

Non-Current Assets

Financial Assets

Investments (Note-5.1): ₹ 546.08 crore

2. The above includes ₹1.90 crore towards Investments in subsidiary Company, M/s. Krishnapatnam International Leather Complex Private Limited, as disclosed under 'Investments in equity instruments. The amount of ₹1.90 crore includes fair value of ₹1.85 crore of loan given to the Subsidiary and equity investment of ₹0.05 crore (at cost), as

disclosed in Note-5.1.2. The recognition of fair value of investment is found contrary with its significant accounting policy at Note-2.5, which prescribed that investment in subsidiary and associates is carried at cost. Further, loan amount should have been presented in the relevant class of assets in the Balance Sheet. Thus, incorrect accounting treatment resulted in overstatement of Investments in Subsidiary by ₹1.85 crore, and understatement of Loan to the extent of actual loan, overstatement of capital reserve. However, financial impact on loan and capital reserve could not be assessed as details of initial loan, basis for fair valuation, fair value assessment is not made available.

Others (Note 5.3): ₹ 1827.91 crore

3. The above includes Personal Deposit (PD) Account balance of ₹1758.70 crore, though the same is of the nature of current assets. Hence, the same should have been disclosed as 'Other Current Assets', separately from Cash and Cash equivalents, and bank balance. Thus, the wrong classification resulted in overstatement of Other Financial Assets (Non-Current) and understatement of Other Current Assets by ₹1758.70 crore each.

Since the amount borrowed from the Banks against Government Guarantee was deposited in the PD Account as per the instructions of the State Government, the amount receivable from State Government (including interest) as on reporting date should have been reconciled and disclosed appropriately thereunder.

Equity and Liabilities

Liabilities

Non-Current Liabilities

Other Non-Current Liabilities (Note-15): ₹ 1853.09 crore

4. The above does not include ₹574.61 crore due to non-recognition of liability towards land conversion charges, which was payable to the State Government in respect of agriculture lands allotted to the Company up to 31.01.2018 in accordance with provisions of AP Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (the Act), as amended. As per Section 7(g) of the Act, as amended through Act No.13 of 2018, the agriculture lands allotted to the Company for non-agricultural purpose are exempted from payment of land conversion charges only from 01.02.2018, as notified vide G.O. No.37 dated 25.01.2018 and G.O. No.98 dated 19.02.2018. However, there has been no waiver or exemption from the Government as on date of finalisation of accounts. Thus, exhibition of clear liability as Contingent Liability in Notes to Accounts without specific approval of exemption / waiver by the competent authority of State Government is not correct. Thus, non-recognition of liability towards land conversion charges resulted in understatement of Current Liabilities and understatement of Current Assets (Inventories) by ₹574.61 crore.

5. The Company received upfront lease premium amounting to ₹20.75 crore from a private party towards allotment of plot admeasuring 133599 sq. metres on lease basis for a period of 99 years in terms of Lease Agreement dated 13 April 2016. Subsequently, the lease agreement was cancelled vide Deed of cancellation executed on 10.11.2020 due to non-fulfilment of lease conditions. The entire amount of ₹20.75 crore was recognised as Liability under Non-Current liabilities as on 31 March 2021. Instead, amount arising / recovered due to cancellation as per lease deed should have been recognised as income and amount payable should have been classified as Current liability. Thus, wrong accounting treatment resulted in overstatement of

Non-current liabilities by ₹20.75 crore, and Current liabilities and Income by ₹19.21 crore (including GST) and ₹1.54 crore respectively with corresponding understatement of Profit for the year by ₹1.54 crore.

B. Comments on Disclosure

Notes forming part of Balance Sheet and Statement of Profit and Loss

6. As per Ind AS-2 on Inventories, inventories shall be measured at *the lower of the cost and net realizable value (NRV)*. Hence, the Company's Significant Accounting Policy disclosed vide Note-2.8 stating that "Inventories and work-in-progress are valued at cost" is contrary to the provisions of Ind AS-2. As a result, NRV is not required to be assessed at end of each reporting period, deviating from the Ind AS-2, and impairment if any required could not be ascertained leading to presence of material misstatements in the Financial Statements. Thus, Accounting policy on inventories needs modification to comply with the applicable Ind AS.

7. Disclosure under Note-12.1.2 stating that the Company received ₹335.99 crore and balance of ₹252.95 crore remains in PD Account is found not correct, since the Company received ₹135.57 crore towards interest and balance interest in PD Account at the end of financial year 2021 was ₹228.27 crore during the year 2020-21 in connection with repayment of interest on loan amount of ₹1480 crore (out of ₹2000 crore availed from commercial banks and deposited into the PD Account (MH-8449 of GoAP)).

8. During the year 2020-21, the Company deposited ₹450 crore in PD Account as per the instructions of the GoAP, as disclosed in Note 8.2.1 under Cash and Bank Balances. The disclosure is found to be inadequate because the fact that Company remitted (September 2020) ₹450 crore to the State Government (MH-8443, Civil Deposits) towards *Ways and Means of GoAP* is not disclosed. Further, nature of remittance (loan or otherwise) and status of refund (including interest, if any) from the Government as on reporting date have not been disclosed.

9. Reference is invited to Note-1 (Company information) stating that the Assets and Liabilities as on 01.06.2014 were divided between the Company and TSIIC Limited as per the approved Demerger Scheme as per section 53 of AP Reorganisation Act, 2014. Simultaneously, Note-25 (Demerger Scheme) disclosed that the *Orders on approval of the Demerger Scheme is yet to be issued by the Government(s)*. Since such disclosure under Note-1 is incomplete leading to incorrect understanding of stakeholders that Scheme has got approval from the Competent Authority in all aspects, the same needs rectification to reflect factual position.

For and on behalf of

the Comptroller and Auditor General of India

Sd/-

INDU AGRAWAL

Principal Accountant General (Audit)

प्रधान महालेखाकार (ले.प.)

Place: Vijayawada

Date: 09.10.2023



ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2021

(Rs. in Crores)

	Particulars	Note No.	Figures as at 31.03.2021	Figures as at 31.03.2020
	ASSETS			
(1)	Non - Current Assets			
a	Property, Plant and Equipment	3.1	148.70	65.96
b	Right of Use Assets	3.2	0.33	0.34
c	Capital Work in Progress	4.1	302.84	328.28
d	Investment Property	4.2	266.80	267.95
e	Other Intangible Assets	4.3	0.03	0.05
f	Financial Assets			
	(i) Investments	5.1	569.46	80.00
	(ii) Loans	5.2	675.47	627.18
	(iii) Others	5.3	1,828.38	1,531.11
g	Other Non - Current Assets			
	(i) Non-Current Tax Assets (Net)	6.1	28.25	4.91
	(ii) Other Non - Current Assets	6.2	1,047.23	823.27
	Non - Current Assets - Total		4,867.49	3,729.05
(2)	Current Assets			
a	Inventories	7	3,213.89	3,645.52
b	Financial Assets			
	(i) Trade Receivables	8.1	32.37	63.73
	(ii) Cash and Cash Equivalents	8.2	173.41	875.57
	(iii) Loans	8.3	235.61	1.37
	(iv) Others	8.4	87.02	8.74
c	Other Current Assets	9	39.08	26.46
(3)	AP Reorganisation Adjustment Account	10	225.62	225.62
	Current Assets - Total		4,007.00	4,847.01
	Total Assets		8,874.49	8,576.06
	EQUITY AND LIABILITIES			
(1)	Equity			
	(i) Equity Share Capital	11	9.52	9.52
	(ii) Other Equity		435.10	367.78
	(iii) Non Controlling Interest	11.3	13.64	13.66
	(iv) Share application money pending allotment		0.00	0.39
	Equity - Total		458.26	391.35
	LIABILITIES			
(2)	Non - Current Liabilities			
a	Financial Liabilities			
	(i) Borrowings	12.1	2,082.22	2,114.40
	(ii) Other Financial Liabilities	12.2	1,237.06	1,062.47
b	Provisions	13	9.83	9.54
c	Deferred tax liabilities (Net)	14	5.25	2.99
d	Other Non - Current Liabilities	15	1,836.22	1,773.09
	Non - Current Liabilities - Total		5,170.58	4,962.49
(3)	Current Liabilities			
a	Financial Liabilities			
	(i) Borrowings	16.1	11.91	3.27
	(ii) Trade Payables	16.2	135.35	117.86
	(iii) Other Financial Liabilities	16.3	650.25	596.14
b	Other Current Liabilities	17	1,472.74	1,433.13
c	Provisions	18	975.40	1,071.82
	Current Liabilities - Total		3,245.65	3,222.22
(4)	Accounting Policies	2		
	Total Equity and Liabilities		8,874.49	8,576.06

AS PER OUR REPORT DATED 31.03.2022

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

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

PLACE : MANGALAGIRI
DATE : 10.03.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-
J V N SUBRAMANYAM, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
DIN:07935156

Sd/-
M GOVINDA REDDY
CHAIRMAN
DIN:01216133

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

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



ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD ENDED 31.03.2021

(Rs. in Crores)

	Particulars	Note No.	Current Year (2020-21)	Previous Year (2019-20)
I	Revenue from operations	19	269.86	565.97
II	Other Income	20	84.78	150.18
III	Total Revenue (I + II)		354.64	716.15
IV	Expenses			
a	Cost of Sales	21	101.76	485.00
b	Exploratory Cost Written off		0.00	14.54
c	Employee Benefits expense	22	39.30	35.96
d	Finance Costs	23	0.04	56.64
e	Depreciation and amortization expense		7.08	5.11
f	Other expenses	24	128.84	72.73
	Total Expenses		277.02	669.98
V	Profit/(Loss) before Exceptional items and tax (III - IV)		77.62	46.17
VI	Exceptional items		0.00	0.00
VII	Profit/(Loss) before tax (V - VI)		77.62	46.17
VIII	Tax expense:			
	(1) Current Tax - Current Year		13.89	7.37
	- Previous Years		0.41	0.00
	(2) Deffered Tax - Current Year		2.26	0.46
	(2) MAT Credit		0.00	(0.38)
IX	Profit/ (Loss) for the period (VII - VIII)		61.06	38.72
X	Other Comprehensive Income			
	(i) Items that will not be reclassified to Profit or (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		61.06	38.72
XII	Earning per equity share (in Rupees):			
	- Basic & Diluted		6,412	4,066
	(Face value of Rs. 1000/- per Share)			

See Accompanying notes to the financial statements

AS PER OUR REPORT DATED 31.03.2022

for POLINENI ASSOCIATES
 CHARTERED ACCOUNTANTS
 FIRM REG. NO.: 006132S

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

PLACE : MANGALAGIRI
 DATE : 10.03.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-
 J V N SUBRAMANYAM, IAS
 VICE CHAIRMAN &
 MANAGING DIRECTOR
 DIN:07935156

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

Sd/-
 M GOVINDA REDDY
 CHAIRMAN
 DIN:01216133

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



ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
FOR THE YEAR ENDED 31st MARCH, 2021

(Rs. in Crores)

Details	Share Capital	Other Equity					
	Equity shares of Rs.1,000/- each fully paid	Reserves and Surplus			Other items of other comprehensive income (Employee cost - Actuarial gain (loss))	Non-Controlling Interest	Total
		Capital Reserve	General Reserve	Retained Earnings			
Balance as at the beginning of the year 2019-20	9.52	57.58	0.00	251.90	0.00	28.03	337.51
Changes in accounting policy or prior period errors	0.00	0.00	0.00	(9.75)	0.00	0.64	(9.11)
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	38.72	0.00	0.74	39.46
Any other changes	0.00	0.00	0.00	0.00	0.00	0.00	(0.08)
Balance at the end of the reporting year 2019-20	9.52	57.58	0.00	280.79	0.00	29.41	367.78
Balance as at the beginning of the year 2020-21	9.52	57.58	0.00	280.79	0.00	29.41	367.78
Changes in accounting policy or prior period errors	0.00	0.00	0.00	6.19	0.00	0.00	6.19
Restated balance at the beginning of the reporting period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income for the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to retained earnings	0.00	0.00	0.00	61.06	0.00	24.13	61.08
Any other changes	0.00	0.00	0.00	0.05	0.00	0.05	0.05
Balance at the end of the reporting year 2020-21	9.52	57.58	0.00	348.09	0.00	29.43	435.10

AS PER OUR REPORT DATED 31.03.2022
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/-
J V N SUBRAMANYAM, IAS
VICE CHAIRMAN & MANAGING DIRECTOR
DIN: 07935156

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

Sd/-
M GOVINDA REDDY
CHAIRMAN
DIN: 01216133

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

PLACE : MANGALAGIRI
DATE : 10.03.2022

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

1 COMPANY INFORMATION:

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

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

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

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

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

These Financial Statements are approved for issue by the Board of Directors of the company on 10.03.2022

2.1 Basis of preparation of Financial Statements

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

2.2 Use of Estimates:

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

2.3 Significant Accounting Policies:

Plant, Property and Equipment:

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

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

Property held to earn rentals or for capital appreciation in which portions could be sold separately are accounted for as investment property or tangible asset as the case may be.

If the portions could not be sold separately and if an insignificant portion is held for use for administrative purposes, such property is accounted as investment property.

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

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

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

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

2.4 DEPRECIATION:

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

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

2.5 Financial Instruments

Initial Recognition

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

Subsequent measurement

Financial asset carried at amortised cost

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

Financial Assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Borrowings and other financial liabilities

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

Investments in subsidiaries and associates

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

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

Share Capital

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

De-recognition of financial instruments

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

Fair value of financial instruments

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

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

2.7 IMPAIRMENT

Financial assets

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

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

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

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

Non-financial assets

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

2.8 Inventories

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

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

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

2.9 Provisions and Contingencies

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

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

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

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

2.10 Income Recognition

Income from Sale of land, shed and buildings is recognised on execution of sale agreement and handing over physical possession of the premises. With respect of sale of land, the completion of contractual performance obligations is treated as satisfied over period of time as per IND AS 115.

Lease income is recognised in the statement of Profit and Loss on the following lines:

A) Upfront cost of Land received in respect of Lease Deeds executed is being amortised over the lease term and revenue recognised accordingly considering the lease as operating lease.

B) Upfront cost of Infrastructure/ Development received in respect of Lease Deeds executed is recognised as revenue in the year in which the lease deeds are executed.

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

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

2.11 Expenditure

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

2.12 Government Grants

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

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

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

2.13 Employee Cost and Retirement Benefits

Defined Contribution Plans

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

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

Defined Benefit Plans

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

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

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

2.14 Borrowing cost

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

2.15 Income tax

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

2.16 Current tax

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

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

2.17 Deferred Tax

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

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

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

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

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

2.18 Critical accounting judgements and key sources of estimation uncertainty

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

Critical Judgements

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

Contingencies and commitments

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

Key Sources of estimation uncertainty

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

Allowance for doubtful debts

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

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

Allowance for inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE F.Y 2020-21

BALANCE SHEET:

NON-CURRENT ASSETS

3.1 TANGIBLE ASSETS

3.1.3 NET BLOCK

	(Rs.in Crores)	
PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
LAND including Land Development	0.06	0.06
BUILDINGS	104.34	48.58
REFRIGERATORS, ACs AND AIR COOLERS	0.02	0.03
FURNITURE AND FIXTURES	3.96	4.14
OFFICE EQUIPMENT	0.17	0.20
VEHICLES	0.86	0.29
ELECTRICAL EQUIPMENT	3.61	0.25
DRAWING EQUIPMENT	0.00	0.00
COMPUTER	3.65	3.72
OTHER PLANT & MACHINERY	22.60	0.07
LAB EQUIPMENT	0.60	0.00
PUMP SETS	0.68	0.00
LAND - SEZ	0.00	0.00
LAND DEVELOPMENT - SEZ	0.00	0.00
BUILDING - SEZ	0.00	0.00
WATER SUPPLY - SEZ	0.00	0.00
SEWERAGE - SEZ	0.00	0.00
EXTERNAL ELECTRIFICATION - SEZ	0.00	0.00
ROADS AND BRIDGES - SEZ	0.00	0.00
SOLAR POWER PLANT	8.15	8.62
CURRENT YEAR	148.70	65.96
PREVIOUS YEAR	65.96	250.03

3.1.4 Land including Land Development

During the previous year, Land and Infrastructure Costs pertaining to Special Economic Zones to a tune of Rs.141.39 crores was transferred at historical cost to Investment Property from Plant, Property and Equipment as per Ind AS 40.

3.1.5 Buildings

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

3.1.6 Vehicles

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

3.1.7 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.7.07 crores (Previous Year: Rs.5.10 crores) was charged to Profit and Loss statement.

3.1.8 SPECIAL ECONOMIC ZONES (SEZ):

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

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

3.1.9 There is no impairment of Fixed Assets during the year

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 01-4-2020
3.2 RIGHT OF USE ASSETS		
Land	0.33	0.34
TOTAL	0.33	0.34
4.1 CAPITAL WORK IN PROGRESS		
Construction of Incubation Centres etc.,		
As per last Balance Sheet	328.28	217.42
Add: Additions during the period	26.05	85.73
Less: Adjustment against Grant/ Capitalisation	122.13	0.00
Sub-Total	232.20	303.15
Exploratory Work-in-progress	70.64	25.13
TOTAL	302.84	328.28

INVESTMENT PROPERTY

4.2 NET BLOCK

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
LAND	197.08	197.08
BUILDINGS	69.72	70.87
CURRENT YEAR	266.80	267.95
PREVIOUS YEAR	267.95	94.82

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

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 01-4-2020
4.3 OTHER INTANGIBLE ASSETS		
License from APPCB	0.03	0.05
TOTAL	0.03	0.05

	% of Holding	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 01-4-2020
5 FINANCIAL ASSETS (NON - CURRENT ASSETS)			
5.1 INVESTMENTS			
A INVESTMENTS IN EQUITY INSTRUMENTS			
<u>INVESTMENTS IN JOINT VENTURES</u>			
I. 45,32,24,284 equity shares of Rs.10/- each fully paid-up in NICDIT Krishnapatnam Industrial City Development Limited(P.Y - 25,00,000 equity shares of Rs.10/- each)	50	451.91	2.50
II. 2,20,27,071 equity shares of Rs.10/- each fully paid-up in Visakhapatnam Industrial Water Supply Company Ltd	49	74.53	35.57
<u>INVESTMENTS IN ASSOCIATE COMPANIES</u>			
III. 1,30,00,000 equity shares of Rs.10/- each fully paid up in AP-ADE Manufacturing Parks Private Limited(Formerly Andhra Pradesh Aerospace & Defence Electronics Park Private Limited)	28.58	11.93	11.91
IV. 52,00,000 equity shares of Rs.10/- each fully paid up in Ace Urban Hitech City Limited	26	1.11	0.63
V. 26,000 equity shares of Rs.10/- each fully paid up in Adani KP Agri Ware Housing Company Private Limited(Formerly KP Agri Ware Housing Company Private Limited)	26	0.00	0.00
<u>INVESTMENTS IN RELATED PARTY COMPANIES</u>			
VI. 15,00,000 equity shares of Rs.10/- each full pad-up in Bharatiya International SEZ Ltd	11.05	1.50	1.50
VII. 19,80,000 equity shares of Rs.10/- each fully paid-up in Ramky Pharma City (India) Ltd	11	1.98	1.98
VIII. 58,70,849 equity shares of Rs.10/- each fully paid-up in AP Gas Distribution Corporation Limited	7.65	26.31	26.31
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
X. 12,145 equity shares of Rs.10/- each fully paid-up in Hyderabad Information Technology Venture Enterprises Ltd	4.86	0.01	0.01
XI. 2,429 equity shares of Rs.10/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (Rs. 24,290/-)	4.86	0.00	0.00
XII. 22,30,961 equity shares of Rs.10/- each fully paid-up in Bhagyanagar Gas Limited	2.49	2.23	2.23
XIII. 44,000 equity shares of Rs.10/- each fully paid-up in Vizag IT Park Ltd	0.49	0.04	0.04
B 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
		573.82	84.95

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
Add: Deposit towards share application money		
AP Bulk Drug Infrastructure Limited	0.10	0.00
Tirupati Electronics Manufacturing Cluster Limited	0.10	0.00
APIIC Food Park (Krishna District) Limited	0.01	0.01
	574.03	84.96
Less: Provision for impairment of investments		
A P Gas Infrastructure Corporation Limited	0.00	0.00
Ace Urban Hitech City Limited	4.43	4.91
Bharatiya International SEZ Limited	0.06	0.03
AP Gas Distribution Corporation Limited	0.08	0.02
TOTAL	569.46	80.00

5.1.1 Investment in AP Gas Infrastructure Corporation Pvt Limited :

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

An amount of Rs. 24.45 crores was written off in the books of accounts duly retaining Rs. 2.72 crores (i.e., 10% value in investment of 2,71,66,000 equity shares @ Rs. 10/- each) in the earlier years towards investment in APGIC as the subsidiary company had incurred losses continuously. Further, an amount of Rs.2.72 crores was provided towards impairment of investments during the previous year as the subsidiary has incurred further losses. In addition, an amount of Rs.1.24 crores released to APGIC for day to day expenses was provided as Bad Debts upto the end of the 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 in earlier years. The Company invested an amount of Rs.6.53 crores in cash in the JV Company in earlier years.

5.1.4 Investments in Atchutapuram Effluent Treatment Limited :

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

5.1.5 Investments in AP-ADE Manufacturing Parks Private Limited (Formerly A.P Aerospace & Defence Electronics Park Private Limited)

The company has allotted an extent of 264.06 acres of land to M/s Andhra Pradesh Aerospace & Defence Electronics Park Private Limited in anantapuramu district for which part consideration worth Rs.13.00 crores towards 26% share was invested in the SPV as per the orders of Government of Andhra Pradesh vide G.O Ms. No.76, dated 14.09.2015 of Industries and Commerce (Infra) Department during the previous year. Accordingly, 1,30,00,000 equity shares of Rs.10/- each were allotted to the company 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 Government of Andhra Pradesh vide G.O RT No.133, dated 07.05.2018 of Industries and Commerce (Infra) Department.

During the year an extent of 1,814.51 acres of land was leased to NICDIT Krishnapatnam Industrial City Development Limited on 26.03.2021 for a consideration of Rs.450.72 crores for a period of 99 years for which the company has received 45,07,24,284 Equity Shares of Rs.10/- each during the year.

5.1.7 Investments in Adani KP Agri Ware Housing Company Private Limited (Formerly KP Agri Ware Housing Company Private Limited)

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

5.1.8 Investments in AP Gas Distribution Corporation Limited

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

5.1.9 Investments in Bhagyanagar Gas Limited

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

5.1.10 Investments in AP Bulk Drug Infrastructure Limited

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

5.1.11 Investments in APIIC Food Park (Krishna District) Limited

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

5.1.12 Investments in Tirupati Electronics Manufacturing Cluster Limited

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

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

5.1.14 Provision for Impairment of investments

An amount of Rs. 4.57 crores was provided towards impairment in the value of investments during the year (Previous Year - Rs.4.96 crores) in respect of investments made in certain Subsidiaries/ JVs as indicated at note no.5.1.

5.1.15 Investments transferred to TSIIC Limited :

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

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

Name of the Company	% of Holding	Amount (Rs. In crores)	Basis of allocation
1. Fab City SPV India Pvt Limited	89	0.01	Location
2. E City manufacturing Cluster Limited	100	0.01	Location
3. Maheswaram Science Park Limited	100	0.01	Location
4. Cyberabad Convention Centre Pvt Limited	26	38.48	Location
5. Boulderhills Leisure Pvt Limited	26	19.75	Location
6. Emmar Hills Township Pvt Limited	26	25.03	Location
7. K Raheja IT Park Limited	11	2.20	Location
8. Intime Properties Pvt Limited11	11	0.14	Location
9. Sundew Properties Pvt Limited	11	0.12	Location
10. CBT Towers Pvt Limited	11	20.94	Location
11. Patancheru Enviro Tech Pvt Limited	10	0.25	Location
12. Hyderabad Pharma Infrastructure & Technologies Limited	1	0.00	Location
13. Nano Tech Silican India Limited	20	0.47	Location
14. Debentures in CBT Towers Pvt Limited	--	159.06	Location
15. L & T Infocity Limited	4.58	0.83	Population
16. Hyderabad Information Technology Venture Enterprises Ltd	3.33	0.01	Population
17. Cyberabad Trustee Company Pvt Limited	3.33	0.00	Population
18. Cyberabad Trustee Company Pvt Limited (HIVE Fund)	--	0.80	Population

5.2 LOANS

Secured and Considered Good:

Loans & Advances to related Parties

Advances to Staff

Sub-total

Unsecured and Considered Good:

Loans & Advances to related Parties

Advances to Staff

Other Loans & Advances

Sub- Total

TOTAL

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

(Rs.in Crores)
As at 31-3-2020

55.48	86.64
1.58	1.46
57.06	88.10
218.31	55.98
0.04	0.06
400.06	483.04
618.41	539.08
675.47	627.18

5.2.1 RELATED PARTY TRANSACTIONS:

Name of The Transacting Related Party	Relationship	Volume of Transaction during The Year	Outstanding as on 31.03.2021	Amounts Written Off/ Written Back
1. AP Gas Infrastructure Corporation Pvt Limited	Subsidiary	0.05	1.98	0.00
2. Krishnapatnam International Leather Complex Pvt Ltd	Subsidiary	0.00	29.29	0.00
3. Atchutapuram Effluent Treatment Limited (Acc. Interest)	Subsidiary	0.21	2.80	0.00
4. APIIC Food Park (Krishna District) Limited	Subsidiary	20.45	49.99	0.00
5. Tirupati Electronics Manufacturing Cluster Limited	(Pending share allotment)	0.00	0.00	0.00
6. Visakhapatnam Industrial Water Supply Company (Acc. Interest on Secured Loan)	Joint Venture	-31.26	82.76	0.00
TOTAL		-10.55	166.82	0.00

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

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

The following are the details of the transactions withdrawn:

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

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

5.2.3 Loan to Kondapalli Effluent Treatment Limited:

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

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

5.2.5 Transactions relating to Tirupati Electronics Manufacturing Cluster Limited

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

The following are the details of the transactions withdrawn:

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

The value of land pertaining to the SPV is retained in the books of APIIC Limited only as the land is neither physically handed over nor legally transferred to the SPV as on the date of Balance Sheet. Further, the amounts received from the entrepreneurs upto the end of the year towards allotment of land are retained in the books of APIIC Ltd only and the same will be transferred to the SPV on execution of Sale Deed/ Lease Deed in favour of allottees as the legal liability vests with APIIC only till execution of Sale Deed/ Lease Deed.

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

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
5.3 OTHERS		
Public Deposit Account	1,758.70	1,448.30
Securities against Guarantees	16.00	16.55
Accrued int. on Fixed Deposits	1.30	0.43
Others	52.38	65.83
TOTAL	1,828.38	1,531.11
6 OTHER NON - CURRENT ASSETS		
6.1 CURRENT TAX ASSETS (NET)	28.25	4.91
6.2 OTHER NON - CURRENT ASSETS		
Due from GoAP	139.27	24.33
Taxes paid under protest	57.31	56.22
Security Deposits (Unsecured)	0.55	0.54
Deposit towards Land Acquisition	828.08	717.70
Others	22.02	24.48
TOTAL	1,047.23	823.27
CURRENT ASSETS		
7 INVENTORIES (As certified by the management)		
Construction materials	0.46	0.46
Stock in trade - Land	2,708.39	2,988.94
Leased Land	0.09	0.00
Stock in Trade - Development	131.78	166.24
Stock in Trade - Development (Leased Lands)	43.80	42.04
Sub-Total	2,884.52	3,197.68
Work - in progress	329.37	447.84
TOTAL	3,213.89	3,645.52

7.1 Government Lands:

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

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

During the year, Land in Non-SEZs to the extent for which Lease Deeds are executed to a tune of Rs.67.07 crores was transferred at cost to Investment Property from Inventory as per Ind AS 40.

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
8 FINANCIAL ASSETS		
8.1 TRADE RECEIVABLES		
(Unsecured and Considered Good)		
Debts exceeding 12 months	42.47	62.93
Other debts	16.79	8.82
	59.26	71.75
Less: Provision for doubtful debts	26.89	8.02
TOTAL	32.37	63.73

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 31-3-2021	(Rs.in Crores) As at 31-3-2020
8.2 CASH AND BANK BALANCES		
I) CASH AND CASH EQUIVALENTS		
Balance in Bank Accounts	56.82	74.26
Balance with Banks - Estates	7.07	13.59
Cash in Transit	2.82	0.00
Bank Deposits less than 3 months		
Fixed Deposits	0.00	170.00
Securities against Guarantees	0.54	0.00
Accrued interest on Fixed Deposits	0.11	10.22
SUB-TOTAL	67.36	268.07
II) BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked Balances with Banks		
Bank Accounts - Govt. Grants	62.55	94.75
Bank Deposits more than 3 months and less than 12 months		
Fixed Deposits	34.25	496.09
Securities against Guarantees	9.00	7.93
Accrued interest on Fixed Deposits	0.25	8.73
SUB-TOTAL	106.05	607.50
TOTAL	173.41	875.57

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

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

NAME OF THE BANK	AMOUNT INVESTED	COLLATERAL SECURITY	FREE HOLD AMOUNT
Andhra Bank, Ring Road Branch, VJA	0.20	0.20	0.00
HDFC Bank, Gurunanak Colony Branch, VJA	4.20	3.91	0.29
Canara Bank, SME Branch, VJA	21.14	18.96	2.18
TOTAL	25.54	23.07	2.47

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
8.3 LOANS		
Secured and Considered Good:		
Loans & Advances to related Parties	0.00	0.72
Advances to Staff	0.34	0.34
Sub-total	0.34	1.06
Unsecured and Considered Good:		
Advances to Staff	0.01	0.01
Loans to Other PSUs	235.00	0.00
Interest free Loans & Advances to Staff & Others	0.26	0.30
Sub-total	235.27	0.31
TOTAL	235.61	1.37

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
8.4 OTHERS		
Due from TSIC	8.33	8.33
Due from GoAP	77.14	0.00
Other Advances	1.55	0.41
TOTAL	87.02	8.74

8.4.1 The company availed the facility of moratorium in respect of payment of principal and interest for the period from March-2020 to August-2020 as announced by the Reserve Bank of India vide their circular no. RBI/2019-20/186, dated 27.03.2020. Accordingly, an amount of Rs.77.14 crores payable as interest to the 3 banks was capitalised. Since, GoAP have agreed to repay the entire term loan, the amount of Rs.77.14 crores is shown as Due from GoAP - Interest on Loans.

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
9 OTHER CURRENT ASSETS		
Tax Deducted at Source	22.05	15.59
MAT Credit	3.59	3.59
Other advances	13.44	7.28
TOTAL	39.08	26.46

9.1 MAT Credit Receivable comprises of amounts relating to F.Y 2014-15 Rs.3.59 crores

10 AP REORGANISATION ADJUSTMENT ACCOUNT	225.62	225.62
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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, 2021 No. of shares	As at 31st March, 2020 No. of shares
Governor of Andhra Pradesh (100% holding)	95222	95222

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 31-3-2021	(Rs.in Crores) As at 31-3-2020
11.3 NON CONTROLLING INTEREST		
Atchutapuram Effluent Treatment Limited	13.64	13.66
A P Gas Infrastructure Corporation P Ltd	0.00	0.00
Krishnapatnam International Leather Complex P Ltd.	0.00	0.00
TOTAL	13.64	13.66

NON-CURRENT LIABILITIES:

12 FINANCIAL LIABILITIES

12.1 BORROWINGS - Secured

Term Loans from Banks	1,999.07	2,000.00
Long term maturities of Lease Obligation	0.39	0.38
Interest accrued but not due (Payable from 2022-23)	82.76	114.02
TOTAL	2,082.22	2,114.40

12.1.1 Loan from NTPC and RINL:

As per the minutes of VIWSCO Board meeting dated 19.11.2012, loans drawn from RINL, NTPC & VMC were restructured by VIWSCO. As per the restructuring plan i) rate of interest is 10% pa on principal outstanding, ii) Loan is repayable in ten equal yearly instalments commencing from 2012-13, iii) Outstanding interest and outstanding penal interest as on 31.03.2011 together called as ""Funded Interest"" payable in ten equal yearly instalments starting from 2012-13, iv) Yearly interest payment commencing from 2012-13 is deferred till loan

amount is fully paid by 2021-22 as ""Deferred yearly interest"", v) Deferred yearly interest outstanding as on 31.03.2022 is payable in five equal yearly instalments commencing from 2022-23, vi) Funded interest and deferred yearly interest will not carry any interest. The Government of Andhra Pradesh vide G.O. Ms. No.24, Dt:25.02.2016 accepted the proposal as agreed in the minutes of the meeting held on 19.11.2012 duly approving the agreed terms and conditions for repayment of loan, outstanding interest, penal interest and yearly interest. The supplementary agreements are to be executed by the company.

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

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

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

12.1.2 Loan from Banks

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

NAME OF THE BANK	(Rs.in Crores)			
	F.Y 2020-21		F.Y 2019-20	
	PRINCIPAL	ACC. INTEREST	PRINCIPAL	ACC. INTEREST
Union Bank of India (Principal - Rs.500 crores)	487.41	2.83	500.00	3.27
Canara Bank (Principal - Rs.750 crores)	748.59	4.31	750.00	0.00
Bank of India (Principal - Rs.750 crores)	763.07	4.77	750.00	0.00
TOTAL	1,999.07	11.91	2,000.00	3.27

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

Out of the total loan amount, an amount of Rs.520.00 crores was held with the corporation and Rs.1,480.00 crores was deposited in the PD Account of the corporation as per the instructions of the Government of Andhra Pradesh vide Lr. No.21025/23/CM/2017, dated 02.01.2018 of Finance (DM) Department. The interest component on the loan amount deposited in the PD Account is being serviced by Government of Andhra Pradesh by release of amount to the PD Account of the company. Accordingly, during the year an amount of Rs.335.99 crores was received from GoAP out of which Rs.252.95 crore is available. The same is exhibited as Due to GoAP under Other Current Liabilities (Financial).

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

12.2 OTHER FINANCIAL LIABILITIES

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
Due to GoAP - Land	1,176.23	1,019.93
Other Liabilities	60.83	42.54
TOTAL	1,237.06	1,062.47

13 PROVISIONS

Provision for leave Benefits		
As per the last balance sheet	9.54	9.54
Add: Additions during the year	9.83	0.00
Less: Payments/adjustments during year	9.54	0.00
TOTAL	9.83	9.54

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 division of employees was entrusted to the expert committee vide G.O. Rt. No. 2066, Dt: 26.09.2016.

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

14 DEFERRED TAX LIABILITIES (NET)

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

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
Deferred Tax Liability	7.83	5.59
Less: Deferred Tax Asset	2.58	2.60
Net Deferred Tax Liability (Asset)	5.25	2.99
15 OTHER NON - CURRENT LIABILITIES		
Funds from ITE & C Department	57.79	57.80
Deposit towards works undertaken	215.83	212.78
Deposits towards Lease Premium - SEZ & NON SEZ	1,082.75	949.06
Land Conversion Charges	262.93	262.93
Advance Receipt - Lease & ORS	47.14	0.00
Other liabilities	169.78	290.52
TOTAL	1,836.22	1,773.09

15.1 Deposit towards works undertaken:

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

During the year, the company has made a provision for Bad Debts to a tune of Rs.16.99 crores in respect of the amounts receivable from other Government Departments as per the comments of C & AG on the accounts of the company for the F.Y 2018-19.

15.2 Land Conversion Charges:

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

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

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

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

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

15.4 Industrial Infrastructure Upgradation Fund (IIDF):

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

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

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

	(Rs.in Crores)	
SCHEME	2020-21	2019-20
EMC-II, Vikruthamala	33.43	0.00
EMC-I, Tirupati	9.31	0.00
Mega Food Park, Mallavalli	0.00	4.20
MSECDP	0.00	2.00
TOTAL	42.74	6.20

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
CURRENT LIABILITIES		
16 FINANCIAL LIABILITIES		
16.1 BORROWINGS		
Accrued interest on Loan from Banks	11.91	3.27
TOTAL	11.91	3.27
16.2 TRADE PAYABLES		
Trade Payables	135.35	117.86
TOTAL	135.35	117.86
16.3 OTHER FINANCIAL LIABILITIES		
Other Liabilities	650.25	596.14
TOTAL	650.25	596.14
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.70.40 crores (Previous Year - Rs.84.65 crores).		
	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
17 OTHER CURRENT LIABILITIES		
Deposits received from allottees	1,439.62	1,402.77
Other Current Liabilities	33.12	30.36
TOTAL	1,472.74	1,433.13
The company sold industrial plots at Visakhapatnam on behalf of M/s Vizag Apparel Park. Accordingly, an amount of Rs.5.60 crores is included in other current liabilities as Due to textile department i.e., M/s Vizag Apparel Park. The same is under reconciliation with the company.		
	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
18 PROVISIONS		
(a) PROVISION FOR EMPLOYEE BENEFITS		
18.1 Provision for leave Benefits		
As per the last balance sheet	0.80	0.80
Add: Additions during the year	0.43	0.00
Less: Payments/adjustments during year	0.80	0.00
SUB-TOTAL	0.43	0.80
18.2 (b) OTHERS		
Provision for PS charges		
As per the last balance sheet	5.61	2.24
Add: Additions during the year	0.75	6.96
Less: Payments/adjustments during year	0.00	3.59
sub-total	6.36	5.61

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
18.3 Provision for Contractual Obligations		
As per the last balance sheet	1,043.30	674.00
Add: Additions during the year	0.00	1,043.30
Less: Adjustments made during year	111.88	674.00
sub-total	931.42	1,043.30
18.4 Provision for taxation		
As per the last balance sheet	19.94	12.57
Add: Additions during the year	13.87	7.37
Less: Payments/adjustments during year	0.00	0.00
sub-total	33.81	19.94
18.5 Provision for Writedown of Inventories		
As per the last balance sheet	0.73	0.81
Add: Additions during the year	0.00	0.00
Less: Payments/adjustments during year	0.00	0.08
sub-total	0.73	0.73
18.6 Other Provisions		
As per the last balance sheet	1.44	1.08
Add: Additions during the year	1.21	0.36
Less: Payments/adjustments during year	0.00	0.00
sub-total	2.65	1.44
TOTAL	975.40	1,071.82

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

18.8 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

S.No.	PARTICULARS	31.03.2021 (Rs.in crores)	31.03.2020 (Rs.in crores)
a.	Claims against the company not acknowledged as debts	0.00	0.00
b.	Guarantees	23.07	3.11
c.	<u>Other money for which the company is contingently liable :</u>		
	i) Income Tax Demands	10.69	18.61
	ii) Service Tax Demands	0.00	0.16
	iii) Legal cases	342.35	733.75
	iv) Conversion Charges	574.61	574.61
	TOTAL	927.65	1,327.13
	GRAND TOTAL	950.72	1,330.24

Commitments

S.No.	PARTICULARS	31.03.2021 (Rs.in crores)	31.03.2020 (Rs.in crores)
a.	Other Commitments	192.37	237.97
	Total	192.37	237.97

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
19 REVENUE FROM OPERATIONS		
Sale of Land, Sheds, lease etc... less Sales Returns	204.76	492.70
Interest, Lease, other rental income	12.39	24.36
Water Demands	39.12	37.17
Interest on Hire Purchase, ORS and lease	0.00	0.00
Other Operating Revenue	13.59	11.74
TOTAL	269.86	565.97

19.1 The impact on the revenue with respect to the previous years due to change in Accounting policy on Revenue Recognition as per Ind AS 115 could not be quantified.

	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
20 OTHER INCOME		
Interest Income	22.30	49.68
Dividend	0.06	0.03
Other non operating income	24.27	69.67
Income/ (loss) from Joint Ventures/ Associates	38.15	30.80
TOTAL	84.78	150.18
EXPENDITURE		
21 COST OF SALES		
Cost of sales - Land, Sheds & Lease	75.86	485.00
Infra Exp on Concessional Allotments	25.90	0.00
TOTAL	101.76	485.00
22 EMPLOYEE BENEFITS EXPENSE		
Salaries and Allowances	35.22	32.67
Contribution towards Provident and other Funds	2.92	2.25
Staff Welfare Expenses	1.16	1.04
TOTAL	39.30	35.96
22.1 Salaries and Allowances includes managerial remuneration		
22.2 The Company is holding a policy with Life Insurance Corporation of India for payment of Gratuity to the employees retired on attaining the age of super annuation or expired during the service for which the company pays annual premium to LIC of India which is charged off in the accounts. Further, the Government of India vide Notification No.1283, dated 29.03.2018 issued orders that the amount of gratuity payable to an employee under the said act shall not exceed Twenty lakh rupees. The corporation has considered payment of gratuity as per the provisions of the Payment of Gratuity Act since inception. During the F.Y 2018-19, an amount of Rs.4.97 crore was provided in the books of accounts towards additional liability towards enhancement of Gratuity from Rs. 0.10 crore to Rs.0.20 crore. The same is retained in the books of accounts till the end of the year.		
22.3 Managerial Remuneration to Directors	For the year 2020-21 Rs. in crores	For the year 2019-20 Rs. in crores
Salaries and Allowances	0.85	0.60
Medical Expenses	0.00	0.02
Rent	0.06	0.02
TOTAL	0.91	0.64
23 FINANCE COST	(Rs.in Crores) As at 31-3-2021	(Rs.in Crores) As at 31-3-2020
Interest on Term Loans from banks	0.00	56.60
Interest cost on Lease Liability	0.04	0.04
TOTAL	0.04	56.64
24 OTHER EXPENSES		
(a) Rebate to allottees on Land Cost	30.31	12.29
(b) Repairs and Maintainance	0.45	0.53
(c) Expenditure on ERP & Others	0.97	0.82
(d) Infrastructure Expenditure on IT Industrial Promotion	8.82	0.00
(e) ADMINISTRATION & GENERAL EXPENSES		
Travelling Expenses	0.51	0.50
Rent	0.10	0.31
Rates and taxes	0.01	0.05
Vehicle maintenance	3.32	2.54
Electricity charges	4.18	3.98
Water charges	17.70	17.78
R&M - Estates, Preliminary Land Survey Etc.,	14.06	3.46
Insurance	0.04	0.03
Expenditure on Social Welfare	0.20	0.15
Provision for impairment of investments	18.52	1.72
Other expenses	29.65	28.57
SUB-TOTAL	88.29	59.09
TOTAL (a + b + c + d + e)	128.84	72.73

24.1 Other Administrative expenses includes the following auditors' remuneration:	(Rs.in lakshs) As at 31-3-2021	(Rs.in lakshs) As at 31-3-2020
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	0.30	0.30
TOTAL	5.30	5.30

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

24.3 No provision was made in the Books of Accounts during the year and previous year towards Payment of Interest on GST duly adjusting the Input Tax Credit to the Output GST as per the company's calculations which will be finalised on completion of GST Audit and filing of GST Annual Return for the F.Y 2020-21.

24.4 As per section 135 of the Companies Act, 2013, the company is required to spend an amount of Rs. 0.68 crores during the year (P.Y - Rs.0.33 crores) towards expenditure on Corporate Social Responsibility. Accordingly, during the year an amount of Rs.0.20 crore (P.Y - Rs.0.55 crore) was spent towards Corporate Social Responsibility for construction of rythu bazar, cremation shelter, anganvadi schools, community halls and burial ground at Veduruwada and Dibbapalem, Visakhapatnam.

25 Demerger Scheme:

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

The company prepared demerger scheme as per the provisions of AP 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 TSIC Limited was made which is subject to scrutiny and approval of the committee appointed/ guidelines issued if any by the Central Government for allocation of employees of PSUs. The assignment of division of employees was entrusted to the expert committee vide G.O. Rt. No. 2066, Dt: 26.09.2016.

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

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

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

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 Subsidiary Companies:

Atchutapuram Effluent Treatment Limited (AETL):

Particulars	Rupees in Crores	
	31.03.2021	31.03.2020
Authorised Share Capital (5,00,000 Equity Shares of Rs. 10/- each)	66.00	66.00
Issued,Subscribed and paid up capital: (1,00,000 Equity Shares of Rs. 10/- each fully paid)	55.89	53.24
Reserves and Surplus (Grants in Aid)	(3.99)	(3.91)
Total assets	87.37	70.57
Total Liabilities	35.47	21.24

Andhra Pradesh Gas Infrastructure Company Limited (APGIC) :

Particulars	Rupees in Crores	
	31.03.2021	31.03.2020
Authorised Share Capital (10,00,00,000 Equity Shares of Rs. 10/- each)	100.00	100.00
Issued,Subscribed and paid up capital: (4,00,00,000 Equity Shares of Rs. 10/- each fully paid)	55.44	55.44
Reserves and Surplus	(133.46)	(130.64)
Total assets	287.21	216.11
Total Liabilities	365.23	291.31

Krishnapatnam International Leather Complex Private Limited (KPILC):

Particulars	Rupees in Crores	
	31.03.2021	31.03.2020
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)	37.09	37.45
Total assets	77.15	76.13
Total Liabilities	39.96	38.58

30 Investments in Atchutapuram Effluent Treatment Limited :

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

31 Investment in A P Gas Infrastructure Corporation P Limited

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

32 Investment in Krishnapatnam International Leather Complex (P) Ltd.,

As per the directions of Government of Andhra Pradesh, an amount of Rs. 5,10,000/- was invested in Krishnapatnam International Leather Complex Pvt. Ltd., towards 51% equity contribution.

The Provisional Accounts of M/s Krishnapatnam International Leather Complex (P) Ltd., (KPILC) for the F.Y 2019-20 were updated by the company after approval of the Accounts of APIIC Limited for the F.Y 2019-20. Hence, the changes in the previous year's figures in respect of KPILC were adjusted in the opening balances of the consolidated financial statements for the year.

33 The balances in Receivables, creditors and various advances are subject to reconciliation/confirmations and adjustments, if any. Such adjustments, in the opinion of the management, are not likely to be material and will be carried out as and when ascertained.

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

AS PER OUR REPORT DATED 31.03.2022
for POLINENI ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 006132S

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

PLACE : MANGALAGIRI
DATE : 10.03.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-
J V N SUBRAMANYAM, IAS
VICE CHAIRMAN & MANAGING DIRECTOR
DIN: 07935156

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

Sd/-
M GOVINDA REDDY
CHAIRMAN
DIN: 01216133

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



ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Rs. in Crores)

Particulars	Current Year (2020-21)	Previous Year (2019-20)
Cash flows from operating activities:		
Net profit before taxation and exceptional items	77.62	46.17
Add: Adjustments for:		
Depreciation and amortisation	7.08	5.11
Dividend Income	(0.06)	(0.03)
Interest Expenses	(0.04)	56.56
Profit / loss on sale of fixed assets	0.00	0.00
Operating profit before working capital changes	84.60	107.81
Add: Adjustments for:		
Inventories	(142.71)	(82.42)
Trade receivables	52.29	0.78
Other current and non current assets	(217.01)	(270.60)
Loans and advances	(258.53)	(132.95)
Payables, liabilities and provisions	(56.00)	555.55
Net Cash Flow from operating activity before Income tax	(537.36)	178.17
Add: Income tax paid	(23.65)	(2.11)
Net Cash Flow from operating activities before exceptional items	(561.01)	176.06
Add: Exceptional item	0.00	0.00
Net Cash Flow from operating activities (I)	(561.01)	176.06
Cash flows from investing activities:		
Acquisition of fixed assets	(103.10)	(54.51)
Purchase of investments	(38.15)	(30.80)
Dividend income	0.06	0.03
Sale of fixed assets	0.00	0.00
Net cash flow from investing activities (II)	(141.19)	(85.28)
Cash flow from financing activities:		
Proceeds from issuance of share capital	0.00	2.60
Proceeds from long term borrowings	0.00	0.00
Interest paid on long term borrowings	0.04	(56.56)
Net cash flow from financing activities (I + II + III)	0.04	(53.96)
Net increase in cash and cash equivalents	(702.16)	36.82
Cash and cash equivalents at the beginning of the year	875.57	838.75
Cash and cash equivalents at the end of the year	173.41	875.57
This is the Cash flow statement referred to in our report		

AS PER OUR REPORT DATED 31.03.2022

for POLINENI ASSOCIATES
 CHARTERED ACCOUNTANTS
 FIRM REG. NO.: 006132S

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

PLACE : MANGALAGIRI
 DATE : 10.03.2022

FOR AND ON BEHALF OF THE BOARD

Sd/-
 J V N SUBRAMANYAM, IAS
 VICE CHAIRMAN &
 MANAGING DIRECTOR
 DIN:07935156

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

Sd/-
 M GOVINDA REDDY
 CHAIRMAN
 DIN:01216133

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

Independent Auditor's Report

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

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

1. Qualified Opinion

- A.** We have audited the accompanying Consolidated Ind AS financial statements of M/s. Andhra Pradesh Industrial Infrastructure Corporation Limited and its share of profit(s) of its associates, which comprise the Consolidated Balance Sheet as at 31 March 2021, the consolidated Statement of Profit and loss (including Other Comprehensive Income), the Consolidated Cash Flow statement and the Consolidated Statement of Changes in Equity for the year ended 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 2021, 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.57.58 Crores)
An amount of Rs.7.58 Crores received from the Government of Andhra Pradesh as Share Capital vide G.O Nos 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999 and 224 dated 28.05.2002 pending for many years is classified as Capital Reserve. In our opinion, this needs to be classified as share capital pending allotment (Refer to Statement of changes in consolidated equity)
- c) Deposits Received from Allottees:** Current year Rs.1439.62 Crores (Previous Year Rs. 1402.77 Crores)
This includes unreconciled amounts with Head office and Zonal offices which are yet to be reconciled (Refer Note No: 17)

S.No.	Name of the Zone	Rs. in crores
1.	Head office	11.01
2.	Vijayawada	61.16
	TOTAL	72.17

d) Provision for contractual obligations: Current year – Rs. NIL (Previous Year – Rs 1043.30 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. Nil (Previous Year Rs.1043.30 Crores) and accordingly not provided any provision during the year. We are not clear, whether the non-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

e) Inventory Rs. 3213.89 Crores (Previous Year Rs. 3645.52 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. 204.76 Crores (Previous Year Rs. 492.70 Crores): (Refer Note No. 2.10)

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

1. Identify the contracts with the customers

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

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

2. Identifying separate performance obligations

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

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

Satisfaction of performance obligations

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

2. 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.

3. Allocate the transaction price to the performance obligations

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

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

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

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

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

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

Our Audit Qualification:

A) *The Corporation has adopted Ind AS 115 for the First time in current year i.e, Financial year 2020-21*

As such, the transitional provisions as applicable to Ind AS 115 First Time adoption required to be applied. The Corporation has not applied the said transitional provisions.

B) *The adoption of the Ind AS 115 entails that the Corporation requires presenting a third Balance Sheet i.e, as on 01-04-2019. The Corporation has not furnished the third Balance sheet in accordance with the requirements of Ind AS 1.*

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

D) *Pursuant to Ind AS 115, to adopt the criteria of recognizing income basing on 'Performance Obligation satisfied over period of time' Vis-à-vis 'at a point in time', the following should be evaluated:*

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

- a. The reason is that the customer is not simultaneously receiving and consuming the benefit provided by corporation as the corporation perform them.
i.e, The part completed / constructed real estate unit is not consumed immediately / simultaneously as work progresses

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

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

Customer has no ability to direct the construction or structural design

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

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

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

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

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

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

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

- e)** *If a performance obligation is not satisfied over time, an entity/Corporation satisfies the performance obligation at a point in time. [Para 38 (a) to 38 (e)]*
Indicators are as under:

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

- f)** *Basis, the discussion at para (e) above, Revenue can be recognised at a point in time, after the event at para ((e)(ii)) above, i.e., upon execution of the Registered Sale Deed in favour of the customer.*

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

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

g) APIIC Food Park (Krishna District) Limited:

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

h) Tirupati Electronics Manufacturing Cluster Limited (EMC-II):

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

3 Emphasis of Matter:

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

1) Non-Confirmation of Balances:

Attention is drawn to note no.33 to the Consolidated Financial Statements, in respect of Receivables, Creditors and various advances (Note No. 's: 8.1 & 16.2) wherein external confirmations of the balances are not available and thus not reconciled. Due to non-availability of confirmation of balances, we are unable to quantify the impact, if any, arising from the confirmation of balances.

2) GST Liability:

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

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

3) Finalisation and approval of accounts for the year 2020-21 pending adoption of accounts by the shareholders in the AGM

Pending adoption of the revised accounts of the previous financial year, the Corporation has finalised and approved the accounts for the FY 2020-21 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) Disclosures on Operating Leases:

The Corporation in the status of Lessor in case of operating leases required to disclose maturity analysis of future minimum lease rental receivables in respect of non-cancellable operating leases along with description about the broad identification of leased assets and their range of lease tenures as well as the amount of total contingent rents recognized as leases as at the year end. This is in accordance with Ind AS 116 disclosure requirement. The Corporation has not disclosed the said information as required by the Ind AS 116. (Refer Note No.19)

5) Treatment of transactions pertaining to Industrial Area Local Authority:

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

Further, a reference is invited to Note No: 26 of the financial statements, wherein it was stated that “The Government of Andhra Pradesh entrusted certain Local Authority powers to the Company like collection of Property Tax, maintenance of Common facilities in respect of certain Industrial Parks and Industrial Development Areas.

The local authority powers are vested with APIIC Industrial Area Local Authority (IALA) for each industrial area and the income and expenditure in this regard is being accounted for in the books of accounts maintained by the respective IALAs and hence not accounted for in the accounts of the Company”.

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

6) Non-availability of Share Certificates:

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

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

4) Key Audit Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- C) We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- D) We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- E) From the matters communicated with those charged with governance, we determine these matters that were of most significance in the audit of the Consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The Consolidated Ind AS financial statements include the corporation share of net profit of Rs.24.13 Crores including other comprehensive income for the year ended 31.03.2021 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 Leather 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 our report on Other Legal and Regulatory Requirement below, is not modified in respect of above matters with respect to our reliance on the work done and the reports of the other auditors furnished to us by the management.

II Report on Other Legal And Regulatory Requirements

- 1 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 thereunder;

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

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

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

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

i. The Corporation has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements as at 31.03.2021.

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;

3) Based on the comments in the auditors’ reports of the Holding Company and the subsidiary companies as referred to in Para 7 “Other Matters” above, we report that a paragraph on the directions issued by Comptroller and Auditors General of India in terms of section 143(5) of the Act and has been included in respect of the auditors’ report of Holding Company and its subsidiaries. Accordingly we report on the directions issued by the Comptroller and Auditor General of India in terms of section 143(5) of the Act in Annexure – “B”.

For POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S

Sd/-
(P.BALA SRINIVAS)
Partner
M.No.028536
UDIN: 22028536AGFWHD5922

Place: Guntur
Date: 31-03-2022

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

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

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

We have audited the internal financial controls over financial reporting of **M/s. ANDHRA PRADESH INDUTRIAL INFRASTRUCTURE CORPORATION LIMITED** (“the Corporation”) as at 31st March 2021 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, 2021, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal controls stated in the guidance note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S
Sd/-
(P. BALA SRINIVAS)
Partner
M.No.028536
UDIN: 22028536AGFWHD5922

Place: Guntur
Date: 31-03-2022

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

(Referred to in Paragraph II(3) of our ‘Independent Auditor’s Report’ of even date) to the members of **M/s. ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE COPORATION LIMITED** (the “Holding Company” / “Corporation”) on the Consolidated Ind AS Financial Statements of the Corporation for the year ended on 31st March 2021.

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

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

For POLINENI ASSOCIATES
Chartered Accountants
FRN: 006132S
Sd/-
(P. BALA SRINIVAS)
Partner
M.No.028536
UDIN: 22028536AGFWHD5922

Place: Guntur
Date: 31-03-2022



प्रधान महालेखाकार (लेखापरीक्षा) का कार्यालय,
आन्ध्र प्रदेश, विजयवाडा - 520 002.
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)
ANDHRA PRADESH, VIJAYAWADA - 520 002.



Lr.No.PAG(Au)/AP/TSC-I/AA/APIIC-FY21/2023-24/ 2 //

Date: .10.2023

To

Vice Chairman and Managing Director,
M/s. Andhra Pradesh Industrial Infrastructure Corporation Limited,
APIIC Towers, Plot No-1 (9th - 11th floors),
IT Park, Mangalagiri, Guntur (District),
Andhra Pradesh -522503

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 M/s Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) for the year ended 31 March 2021.

Sir,

I am to forward herewith Comments of the Comptroller and Auditor General of India (CAG) under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of APIIC for the year ended 31 March 2021 for necessary action.

2. The date of placing of CAG Comments along with Financial Statements and Auditors' Reports 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 CAG to the Government of Andhra Pradesh for the year ended 31 March 2021 for being laid before the State Legislature may also be intimated. Copy of letter from the Legislature Secretariat indicating date on which Annual Report laid before State Legislature may also be intimated.
4. Five copies of the annual report for the year 2020-21 are to be furnished to this Office.

Encl: As above

Yours faithfully,

Sd/-

BHASKAR KALLURU

Senior Deputy Accountant General

**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 2021**

The preparation of consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139 (5) read with section 129 (4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide Audit Report dated 31.03.2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2021 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary Audit of financial statements of M/s. NICDIT Krishnapatnam Industrial City Development Limited but did not conduct supplementary audit of the financial statements of M/s. Krishnapatnam International Leather Complex Private Limited, M/s. Atchutapuram Effluent Treatment Limited and M/s. Andhra Pradesh Gas Infrastructure Corporation Private Limited for the year ended on that date. Further, Section 139(5) and 143 (6) (a) of the Act are not applicable to Associate and Joint Venture Companies as listed in Annexure-A being private entities for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these Companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary Audit, I would like to highlight the following significant matters under Section 143(6)(b) read with Section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the consolidated financial statements and the related Audit Report:

A. Comments on Financial Position

Balance Sheet

Assets

Current Assets

Financial Assets

Cash and Cash Equivalents (Note-8.2): ₹173.41 crore

1. The above includes ₹9.54 crore towards 'Securities against guarantees' in the form of Fixed Deposits (FDs) under Bank Deposits. Instead, the same should have been exhibited separately

on the face of the Balance Sheet under 'Financial assets' along with necessary disclosures in Notes to Accounts to comply with provisions of Division-II of Schedule-III to the Companies Act, 2013. Thus, non-compliance resulted in understatement of Securities against guarantees and overstatement of Cash and Cash Equivalent by ₹9.54 crore each.

Non-Current Assets

Financial Assets

Investments (Note-5.1): ₹ 569.46 crore

2. The above includes ₹1.90 crore towards Investments in subsidiary Company, M/s. Krishnapatnam International leather Complex Private Limited, as disclosed under 'Investments in equity instruments. The amount of ₹1.90 crore includes fair value of ₹1.85 crore of loan given to the Subsidiary and equity investment of ₹0.05 crore (at cost), as disclosed in Note-5.1.2. The recognition of fair value of investment is found contrary with its significant accounting policy at Note-2.5, which prescribed that investment in subsidiary and associates is carried at cost. Further, loan amount should have been presented in the relevant class of assets in the Balance Sheet. Thus, incorrect accounting treatment resulted in overstatement of Investments in Subsidiary by ₹1.85 crore, and understatement of Loan to the extent actual loan, overstatement of capital reserve. However, financial impact on loan and capital reserve could not be assessed as details of initial loan, basis for fair valuation, fair value assessment is not made available.

Others (Note 5.3): ₹ 1828.38 crore

3. The above includes Personal Deposit (PD) Account balance of ₹1758.70 crore, though the same is of the nature of current assets. Hence, the same should have been disclosed as 'Other Current Assets', separately from Cash and Cash equivalents, and bank balance. Thus, the wrong classification resulted in overstatement of Other Financial Assets (Non-Current) and understatement of Other Current Assets by ₹1758.70 crore each.

Since the amount borrowed from the Banks against Government Guarantee was deposited in the PD Account as per the instructions of the State Government, the amount receivable from State Government (including interest) as on reporting date should have been reconciled and disclosed appropriately thereunder.

Equity and Liabilities

Liabilities

Non-Current Liabilities

Other Non-Current Liabilities (Note-15): ₹1836.22 crore

4. The above does not include ₹574.61 crore due to non-recognition of liability towards land conversion charges, which was payable to the State Government in respect of agriculture lands allotted to the Company up to 31.01.2018 in accordance with provisions of AP Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (the Act), as amended. As per Section 7(g) of the Act, as amended through Act No.13 of 2018, the agriculture lands allotted to the Company for non-agricultural purpose are exempted from payment of land conversion charges only from 01.02.2018, as notified vide G.O. No.37 dated 25.01.2018 and G.O. No.98 dated 19.02.2018. However, there has been no waiver or

exemption from the Government as on date of finalisation of accounts. Thus, exhibition of clear liability as Contingent Liability in Notes to Accounts without specific approval of exemption / waiver by the competent authority of State Government is not correct. Thus, non-recognition of liability towards land conversion charges resulted in understatement of Current Liabilities and understatement of Current Assets (Inventories) by ₹574.61 crore.

5. The Company received upfront lease premium amounting to ₹20.75 crore from a private party towards allotment of plot admeasuring 133599 sq. metres on lease basis for a period of 99 years in terms of Lease Agreement dated 13 April 2016. Subsequently, the lease agreement was cancelled vide Deed of cancellation executed on 10.11.2020 due to non-fulfilment of lease conditions. The entire amount of ₹20.75 crore was recognised as Liability under Non-Current liabilities as on 31 March 2021. Instead, amount arising / recovered due to cancellation as per lease deed should have been recognised as income and amount payable should have been classified as Current liability. Thus, wrong accounting treatment resulted in overstatement of Non-current liabilities by ₹20.75 crore, and Current liabilities and Income by ₹19.21 crore (including GST) and ₹1.54 crore respectively with corresponding understatement of Profit for the year by ₹1.54 crore.

B. Comments on Disclosure.

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

6. As per Ind AS-2 on Inventories, inventories shall be measured at *the lower of the cost and net realizable value (NRV)*. Hence, the Company's Significant Accounting Policy disclosed vide Note-2.8 stating that "Inventories and work-in-progress are valued at cost" is contrary to the provisions of Ind AS-2. As a result, NRV is not required to be assessed at end of each reporting period, deviating from the Ind AS-2, and impairment if any required could not be ascertained leading to presence of material misstatements in the Financial Statements. Thus, Accounting policy on inventories needs modification to comply with the applicable Ind AS.

7. Disclosure under Note-12.1.2 stating that the Company received ₹335.99 crore and balance of ₹252.95 crore remains in PD Account is found not correct, since the Company received ₹135.57 crore towards interest and balance interest in PD Account at the end of financial year 2021 was ₹228.27 crore during the year 2020-21 in connection with repayment of interest on loan amount of ₹1480 crore (out of ₹2000 crore availed from commercial banks and deposited into the PD Account (MH-8449 of GoAP)).

8. During the year 2020-21, the Company deposited ₹450 crore in PD Account as per the instructions of the GoAP, as disclosed in Note 8.2.1 under Cash and Bank Balances. The disclosure is found to be inadequate because the fact that Company remitted (September 2020) ₹450 crore to the State Government (MH-8443, Civil Deposits) towards *Ways and Means of GoAP* is not disclosed. Further, nature of remittance (loan or otherwise) and status of refund (including interest, if any) from the Government as on reporting date have not been disclosed.

9. Reference is invited to Note-1 (Company information) stating that the Assets and Liabilities as on 01.06.2014 were divided between the Company and TSIIC Limited as per the approved Demerger Scheme as per section 53 of AP Reorganisation Act, 2014.

Simultaneously, Note-25 (Demerger Scheme) disclosed that the *Orders on approval of the Demerger Scheme is yet to be issued by the Government(s)*. Since such disclosure under Note-1 is incomplete leading to incorrect understanding of stakeholders that Scheme has got approval from the Competent Authority in all aspects, the same needs rectification to reflect factual position.

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

Sd/-
INDU AGRAWAL

Place: Vijayawada

Principal Accountant General (Audit)

Date: 09.10.2023

प्रधान महालेखाकार (ले.प.)

Annexure -A to Certificate

Associate and Joint Venture Companies of Andhra Pradesh Industrial Infrastructure
Corporation Limited for the year ended 31 March 2021

Sl. No.	Name of Company	Relationship with APIIC
1.	Visakhapatnam Industrial Water Supply Company Limited	Joint Venture
2.	Ace-Urban Hitech City Limited	Associate Company
3.	Adani KP Agri Warehousing Company Private Limited	Associate Company
4.	AP-ADE Manufacturing Parks Private Limited	Associate Company

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

Sd/-
INDU AGRAWAL

Place: Vijayawada

Principal Accountant General (Audit)

Date: 07.10.2023

प्रधान महालेखाकार (ले.प.)

