



41st ANNUAL REPORT

2013 - 14

Andhra Pradesh Industrial Infrastructure Corporation Limited
(A Government of Andhra Pradesh Undertaking)

"Parisrama Bhavan" 4th Floor, 5-9-58/B, Fateh Maidan Road,
HYDERABAD - 500 004.



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(A Government of Andhra Pradesh Undertaking)

"Parisrama Bhavanam" 4th Floor, 5-9-58/B, Fateh Maidan Road,
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GENERAL INFORMATION**BOARD OF DIRECTORS:****a) Chairman:**

1.	Dr. Krishnaiah Pirrala, IAS (Retired) Chairman	21-08-2014 to till date
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b) Vice - Chairman & Managing Director:

1.	Sri Jayesh Ranjan, IAS (Telangana Division)	From 20-04-2013 to till date
2.	Sri V.Satyanarayana Kone, IAS (Andhra Division)	From 21-08-2014 to till date

c) Directors:

During the Financial Year 2013-14, the following are the Members of the Board.

1.	Sri Pradeep Chandra Kathi, IAS Prl. Secretary to Govt. & CIP Inds. & Com. Department	From 20-04-2013 to till date
2.	Smt. Pushpa Subrahmanyam, IAS, Prl.Secretary to Govt. Finance (IF) Department	From 20-04-2013 to 03-02-2014
3.	Sri Premchandra Reddy. L, IAS, Secretary to Govt. Finance (IF) Department	From 03-02-2014 to till date
4.	Sri Sunil Sharma, IAS Prl.Secretary to Govt. I & I Department	From 07-09-2012 to 20-4-2013
5.	Sri Rajiv Mishra Ranjan, IAS Prl.Secretary to Govt. I & I Department	From 20-04-2013 to 03-02-2014
6.	Sri Tirumala Krishna Babu. M., IAS Prl.Secretary to Govt. I & I Department	From 03-02-2014 to 21-08-2014
7.	Sri Sambasiva Rao Dondapati, IAS Prl.Secretary to Govt. I & I Department	From 21-08-14 to till date
8.	Dr. Rajat kumar, IAS Commissioner of Industries	From 20-04-2013 to till date
9.	Sri T. Satyanarayana Rao, IAS Managing Director, APSFC	From 20-04-2013 to 21-08-2014
10.	Sri J.S.Venkata Prasad, IAS Managing Director, APSFC	From 21-08-2014 to till date
11.	Sri Sanjay Kumar, IAS Member Secretary, APPCB	From 20-04-2013 to 21-08-2014

COMPANY SECRETARY

Sri M.Siva S.Reddy

BANKERS:

ICICI Bank
State Bank of India
Indian Overseas Bank
HDFC Bank
Ing Vysya Bank
Andhra Bank

AUDITORS:

M/s. Jawahar & Associates
Chartered Accountants
H.No.402, 4th Floor
Moguls Court, Basheerbagh,
HYDERABAD-500029.

REGISTERED OFFICE:

5-9-58/B,Fateh Maidan Road,
6th Floor, Parisrama Bhavanam,
Basheerbagh,
Hyderabad-500004.

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED

(An undertaking of the Government of Andhra Pradesh)

**Regd Office : 4th Floor, Parisrama Bhavan,5-9-58/B,
Fateh Maidan Road, P.O. Bag.No.5, Basheerbagh, Hyderabad-4**

NOTICE

Notice is hereby given that the Adjourned 41st Annual General Meeting of the Members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held on Thursday, the 9th day of April, 2015 at 3.00 P.M. at the Registered Office of the Company to transact the following business:

1. To receive and adopt the Balance Sheet as at 31st March, 2014, Profit & Loss Account for the year ended 31st March, 2014, Directors' Report along with the Auditor's Report and the comments of the Comptroller and Auditor General of India.

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

Place: Hyderabad.

Date : 30-03-2015

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)

**Regd Office : 4th Floor, Parisrama Bhavan,5-9-58/B,
Fateh Maidan Road, P.O. Bag.No.5, Basheerbagh, Hyderabad-4**

NOTICE

Notice is hereby given that the 41st Annual General Meeting of the Members of Andhra Pradesh Industrial Infrastructure Corporation Limited will be held on Saturday, the 27th day of September, 2014 at 3.00 P.M. at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31st March, 2014, Profit & Loss Account for the year ended 31st March, 2014, Directors' Report along with the Auditor's Report and the comments of the Comptroller and Auditor General of India.
2. To authorize the Board of Directors of the Corporation to fix the remuneration and out of pocket expenses to M/s Jawahar and Associates, Chartered Accountants, Hyderabad, who are appointed by the Comptroller and Auditor General of India under section 619 of the Companies Act, as Statutory Auditors for the audit of annual accounts for the financial year 2014-15.

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

**Sd/-
M.SIVA S.REDDY
COMPANY SECRETARY**

Place: Hyderabad.

Date: 27-09-2014

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.

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR 2013-14.

Dear Members,

The Directors take pleasure in placing before you the 41st Annual Report of your Company together with the audited accounts for the year ended 31st March, 2014 and report of Statutory Auditors M/s. Jawahar & Co, Chartered Accountants.

1. FINANCIAL RESULTS:

Your Directors have pleasure in reporting that the Company during the year earned a net profit of Rs 28.31 Crores as against the net profit of Rs. 27.65 Crores previous year.

The profit of Rs.28.31 Crores has been arrived at after providing for depreciation Rs. 3.78 Crores and Provision for Income Tax amounting to Rs. 15.54 Crores including previous years.

The difference between the sale price and cost price of the assets sold was taken to Profit & Loss A/c In certain Industrial Parks where substantial developmental works are to be taken up, the cost of constructive obligation was kept under the head of account "Provision for Contractual Obligations".

During the year, Profit/Loss is recognized on sale of sheds, land, houses on outright sale or hire-purchase and the difference between sale price and cost price of the assets sold is taken to Profit & Loss A/c.

2. ACCOUNTING SYSTEM:

To comply with the Accounting Standards which are mandatory from 01.04.1999 the Land, Buildings, Sheds and other development works in the Industrial Parks, Industrial Development Areas, Autonagars, etc., of the Corporation are treated as Current Assets, till they are disposed off either on Outright Sale or allotment on Hire Purchase.

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

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

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

3. LAND ACQUISITION:

Your Directors are happy to inform that your Company has taken possession of 108.90 acres of patta land and 207.87 acres of Government land during the year. The aggregate extent of land taken over by your Company, since its inception is 51125.06 acres of Patta Land and 88277.13 acres of Government Land.

4. DEVELOPMENT AND ALLOTMENT OF PLOTS AND SHEDS:

Your Directors are happy to inform that your Company allotted 1685 acres of land, 153 Nos. of plots and 8 Nos. of sheds to various industrial ventures in our State during the year.

5. GOVERNMENT OF INDIA SCHEMES:

Your Directors are happy to inform that various Government of India schemes like Growth Centers, Apparel Parks were also taken up by your Company. By developing these projects, your Company is able to utilize various funds available under Government of India Schemes for development of Industries in the State.

6. CIVIL WORKS & DEPOSIT WORKS:

a) APIIC having full fledged Engineering wing supported with Engineers with vast experience and Civil works to a tune of about Rs.272.26 Crores during the year 2013-14. Out of this, the Infrastructure development is Rs.153.26 Crores, IALA work is Rs.30.34 Crores and Deposit work for Rs.54.36 Crores.

b) APIIC has been Undertaking deposit Works for various departments of State Government, besides the works for the development of industrial Parks

7. BOARD OF DIRECTORS:

a) Chairman:

1.	Dr. Krishnaiah Pirrala, IAS (Retired) Chairman	21-08-2014 to till date
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b) Vice - Chairman & Managing Director:

1.	Sri Jayesh Ranjan, IAS (Telangana Division)	From 20-04-2013 to till date
2.	Sri V.Satyanarayana Kone, IAS (Andhra Division)	From 21-08-2014 to till date

c) Directors:

During the Financial Year 2013-14, the following are the Members of the Board.

1.	Sri Pradeep Chandra Kathi, IAS Prl.Secretary to Govt. & CIP Inds. & Com.Department	From 20-04-2013 to till date
2.	Smt. Pushpa Subrahmanyam, IAS, Prl.Secretary to Govt. Finance (IF) Department	From 20-04-2013 to 03-02-2014
3.	Sri Premchandra Reddy. L, IAS, Secretary to Govt. Finance (IF) Department	From 03-02-2014 to till date
4.	Sri Sunil Sharma, IAS Prl.Secretary to Govt. I & I Department	From 07-09-2012 to 20-4-2013
5.	Sri Rajiv Mishra Ranjan, IAS Prl.Secretary to Govt. I & I Department	From 20-04-2013 to 03-02-2014
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8.	Dr. Rajat Kumar, IAS Commissioner of Industries	From 20-04-2013 to till date
9.	Sri T. Satyanarayana Rao, IAS Managing Director, APSFC	From 20-04-2013 to 21-08-2014
10.	Sri J.S.Venkata Prasad, IAS Managing Director, APSFC	From 21-08-2014 to till date
11.	Sri Sanjay Kumar, IAS Member Secretary, APPCB	From 21-08-2014 till date

8. DIRECTOR'S MEETINGS:

During the year under review, four (4) meetings of the Board of Directors were held on the following dates.

1. 21-06-2013
2. 27-09-2013
3. 20-12-2013
4. 14-03-2014

9 AUDIT COMMITTEE:

The Company has constituted Audit Committee in its 200th Board Meeting held on 27-09-2014 with the following Members;

- 1) Dr. P.Krishnaiah, IAS (Retd.) :: Chairman
Chairman, APIIC
- 2) Dr. Rajat Kumar, IAS :: Member
Commissioner of Industries
- 3) Sri D.Sambasiva Rao, IAS :: Member
Prl. Secretary to Govt.
I & I Department.
- 4) Sri L.Premchandra Reddy, IAS :: Member
Secretary to Govt.
Finance (IF) Department.

10.CSR SUB-COMMITTEE:

The Company has constituted CSR Sub-Committee in its 197th Board Meeting held on 20-12-2013 with the following Members;

1. Dr. Rajat Kumar, IAS
Commissioner of Industries
2. Sri Sanjay Kumar, IAS
Member Secretary
A.P. Pollution Control Board.
3. Sri M.T.Krishna Babu, IAS
Secretary to Government
Infrastructure & Investment Department.

11.DIRECTORS RESPONSIBILITY STATEMENT:

As Required under Section 217(2AA) of the Companies Act, 1956 Directors of your company hereby state and confirm that:

- i. The applicable accounting standards have been followed in preparation of annual accounts;
- ii. The accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit for the year ended on that date;
- iii. Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts for the year ended 31st March, 2014 have been prepared on a going concern basis.

12. STATUTORY AUDITORS:

The Comptroller and Auditor General of India, New Delhi appointed M/s Jawahar & Associates, Chartered Accountants, Hyderabad as Statutory Auditors of your Company for the financial year 2014-15, under the section 619 of the Companies Act, 1956.

13. REPLIES TO RESERVATIONS IN THE STATUTORY AUDITORS REPORT AND COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA:

The explanations of the Board of Directors on the reservations/ qualifications made by the Statutory Auditors and comments of the Comptroller and Auditor General of India are given at Annexure-A & B to this Report.

14. FIXED DEPOSITS FROM THE PUBLIC:

Your Company has not accepted any deposits from the public and as such no amount of principal or interest was outstanding as on March 31, 2014.

15. PARTICULARS OF EMPLOYEES:

There are no employees drawing Rs. 2,00,000/- per month / Rs.24,00,000/- per annum either partly or fully during year respectively as required to be furnished under Section 217 2(A) of the Companies Act, 1956.

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

The particulars required to be furnished pursuant to Section 217(1) (e) of the Companies Act, 1956 are not applicable to your Company.

17. HUMAN RESOURCE DEVELOPMENT:

Your Company's constant endeavor is to retain and keep the relations with the employees of your Company on sound and cordial line. The same was achieved during this year also. Your Directors place on record their appreciation of the dedicated services rendered by employees at all levels without which it would have not been possible to achieve the Company's objectives.

18. ACKNOWLEDGEMENTS:

Your Board of Directors place on record their deep sense of gratitude to the Government of Andhra Pradesh, Government of India, Financial Institutions, Banks and all other Agencies connected with the industrial development activities in the State for their continued guidance, interest and support.

The Board places on record its appreciation of the confidence reposed in your Company by the entrepreneurs who help in the industrial development of the State.

The Board thanks its Shareholders, who continue to extend their support.

For and on behalf of the Board of APIIC Ltd

Sd/-
Dr. P.Krishnaiah, IAS (Retd.)
CHAIRMAN

Place: Hyderabad
Date:30-03-2015

ANNEXURE – A**OBSERVATIONS OF STATUTORY AUDITOR AND REPLY OF THE COMPANY****FOR THE YEAR 2013-14**

Sl. No.	Observation of the Statutory Auditor	Reply of the company
1	Equity Share Capital (Please Refer Note 2 of Financial statements): The issued, subscribed and paid up capital of the company is Rs.16,32,75,000 divided into 1,63,275 number of equity shares of Rs. 1000 each fully paid up. As per information made available to us the investments in the books of Government of Andhra Pradesh stands at Rs. 27.41 crores this needs reconciliation.	The paid up share capital account was reconciled with CAG and was requested to rectify the difference. The matter is under persuasion with the Government and CAG for rectification.
2	Reserves and Surplus : Capital Reserve Receipt of Rs. 13 crores from Government of Andhra Pradesh as share capital vide GO. Numbers 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999, 224 dated 28.05.2002 pending for many years classified as capital reserve. In our opinion, this needs to be classified as share application pending allotment.	The audit observation is noted. EPIP Grant pointed by Audit was sanctioned to the Company as Investment in APIIC by the Government. Later, the company was directed to treat it as a Grant in the Inter Ministerial Steering Committee meeting held on 4th & 5th of April, 2000. But, no orders were received so far converting Equity as a Grant. The matter is under persuasion. The treatment will be reviewed and necessary action will be taken after finalization of Demerger Scheme.

Sl. No.	Observation of the Statutory Auditor	Reply of the company
3	<p>Income Recognition as per Accounting Standard 9 (refer Accounting Policy No.3):</p> <p>As per Accounting Standard 9, the income needs to be recognized as and when the risks and rewards are passed on to the buyer. However, the Corporation is adopting a policy of recognizing the income when the sale deed is entered regardless of the agreement entered with the allottee.</p> <p>This treatment is in contravention of AS 9. As on 31/03/2014 an amount of Rs. 4223.36 crores is shown in the books as liability towards “Deposits received from Allottees”. In addition to the above, an amount of Rs. 285.60 crores is towards initial deposit (EMD) pending issue of allotment letters to the applicants.</p> <p>We are not in a position to quantify the exact quantum of understatement of sales due to non furnishing of information.</p> <p>The adoption of recognition of income on receipt of full consideration will amount to recognition of income on cash basis. Further no entries are being passed on accrual basis immediately on issue/release of sanction letters by the corporation and consent by the applicants.</p>	<p>The audit comment is self explanatory. Income is recognized as per policy of the company which is being followed consistently for many years. However, audit comment is noted and the policy will be reviewed after review of allotment regulations.</p>

Sl. No.	Observation of the Statutory Auditor	Reply of the company
4.	<p>Treatment of transactions pertaining to Industrial Area Local Authority (Refer to Note 18.1 of the Financial Statements):</p> <p>In our opinion, the transactions of IALA's and the impact there of on Assets and Liabilities and Profit /Loss thereof should be brought to the books of accounts and by not clubbing /consolidating the impact of these transactions:</p> <p>a) The Assets and Liabilities of the Corporation have been understated</p> <p>b) The impact of the profit/loss on account of these transactions has not been brought to books of accounts.</p> <p>c) Cash Flows are understated.</p> <p>We are not in a position to quantify the impact on Assets and Liabilities and Profit/Loss due to failure on the part of the management to provide the necessary information.</p>	<p>The audit comment is self explanatory. Treatment was disclosed in Notes to accounts vide note 18.1. The records of IALAs are being updated during the year 2014-15 with the help of the software developed by Centre for Good Governance. The same will be furnished to the Statutory Auditors for the ensuing year.</p>
5	<p>Administrative Buildings:</p> <p>The administrative buildings situated in the zonal offices have not been treated as Fixed Assets and not calculated the depreciation as per Companies Act , 1956.Further we were informed they were included in the Inventory. We are not in a position to quantify the impact of the same on the Profit And Loss Account and the understatement of Fixed assets – Buildings and overstatement of Inventory due to non-availability of information by the management.</p>	<p>Necessary action will be taken for rectification in the ensuing year.</p>

Sl. No.	Observation of the Statutory Auditor	Reply of the company
6	<p>Loans and advances to related parties : Rs.195.55 crores (Refer note No.10)</p> <p>The amount of Rs.195.55crores advance given to Vishakapatnam Industrial Water Supply Company (VIWSCO) has not been grouped under Loans and advances to related parties resulting in understatement of Loans and advances to related parties and overstatement of Other Loans and Advances.</p>	<p>Audit comment is noted and will be rectified in the accounts of the ensuing year.</p>
7	<p>Inventory (Refer Note 11.3)</p> <p>As per the information and explanation given to us there is no proper system in place with regard to reconciliation of closing stock as per physical verification and book stock. In the light of the above, we are not in a position to comment on the valuation of the inventory. Further it is observed that the closing stock of Rs 3,003.82 crores consists of a negative stock of Rs.154.91crores. For the past few years the same note is being continued without any review and reconciliation.</p>	<p>Audit comment is noted. The system of recording of inventory is under review and reconciliation. Necessary follow up action will be taken on completion of such review and reconciliation.</p>
8	<p>Provision for Contractual Obligations (Refer Note 7.5 and accounting policy 3.1)</p> <p>During the year the corporation has made a short term provision of Rs.60.11 cr for the pending works proposed to be completed making the total provision as Rs.482.71cr. It appears that no proper review has been made and we are not in a position to comment whether the provision during the year is adequate or inadequate.</p>	<p>The provision for contractual obligations was made as per the past practice to complete the civil works committed in the estates to the extent required as per the Accounting Standard - 29 Provisions, Contingent Assets and Liabilities. However the audit comment is noted and necessary action will be taken to review the existing procedure.</p>

Sl. No.	Observation of the Statutory Auditor	Reply of the company
9	<p>Conversion Charges(Refer Note 6.5)</p> <p>As per the information and explanation given to us, the corporation has created a liability to the tune of Rs.298.51crores as conversion charges payable by various Industrial estates .Out of the above said liability only Rs 9.25crores have been included in the cost of sales during the year under consideration leaving the balance in the stock in trade – Land. The company has failed to identify the quantum of amount that is chargeable to sales pertaining to previous years and should disclose such amount as Prior period expenditure.</p>	<p>As per Accounting Standard – 5 Net Profit or Loss for the period, Prior period items and Changes in accounting policies, prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. Provision for conversion charges was made as per the decision taken in the SLIC meeting in the Financial Year 2013-14. Therefore, the relevant standard is not applicable in the present transaction and the treatment given is as per the Accounting Standard.</p>
10	<p>Provision for Bad and Doubtful Debts : We are not in a position to comment upon the adequacy or inadequacy of the provision for bad and doubtful debts.</p>	<p>Provision for bad and doubtful debts made is adequate and a detailed note is given in the Notes to Accounts vide Note No.12 which is self explanatory.</p>
Annexure to the Auditor’s Report		
11	<p>i (a) The Corporation has not maintained proper records showing full particulars Including quantitative details and situation of fixed assets.</p> <p>(b) There is no document evidencing that the assets have been physically verified by the management during the year and in our opinion there is no regular programme of verification which is reasonable having regard to the size of the Corporation and the nature of its assets. Since there is no verification, we are not in a position to comment upon the treatment of material discrepancies, if any. So as to effect it’s going concern status.</p>	<p>The audit comment is noted and necessary action will be taken in the ensuing year. Necessary instructions are issued for physical verification of fixed assets. Movable assets have been verified during the year and necessary entries are made wherever the discrepancies are noticed.</p>

Sl. No.	Observation of the Statutory Auditor	Reply of the company
13	<p>Vii As per the information and explanations given by the management the Corporation is having both in-house and outsourced internal audit system represented by GMK Associates, Chartered Accountants Hyderabad. In our opinion the periodicity of the Internal Audit is inadequate with regard to the nature and size of the business. Similarly the corporation has to take a decision whether they should either go in for a total in-house internal audit or outsource it completely. Further the quality of the reporting needs to be improved. In our opinion the internal audit should also cover other departments in addition to Finance and reportable to Board level to make it as an independent unit.</p>	<p>Audit comment is noted and necessary action is being taken to improve the scope and coverage of Audit.</p>
14	<p>ix (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/2012 for a period of more than six months from the date they became payable except Conversion Charges amounting to Rs.298.51 crores and VAT payable amounting to RS. 24 Lakhs</p>	<p>The comment is self explanatory</p>

For and on behalf of the Board of APIIC Ltd

Sd/-

Dr. P.Krishnaiah, IAS (Retd.)
CHAIRMAN

Place: Hyderabad
Date: 30-03-2015

ANNEXURE - B
REPLIES TO FINAL COMMENT OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956
ON THE REVIEW OF ACCOUNTS FOR THE FINANCIAL YEAR 2013 - 14

SI. No.	AUDIT ENQUIRY	REPLY OF THE MANAGEMENT
1	<p>Notes to Accounts – Land conversion charges(6.5)</p> <p>A reference is invited to Note to accounts 6.5 wherein it was stated that an amount of ₹ 298.52 crore has been provided towards land conversion fee during the year. There is no disclosure of the total demand of ₹ 1294.61 crore raised by Revenue Authorities of the erstwhile Government of Andhra Pradesh in respect of land conversion charges including reasons for not providing for the entire amount of demand in the books of accounts and status of persuasion with the State Government for withdrawal of the balance demand. The above Note is inadequate to that extent.</p>	<p>The Audit comment is noted for future guidance.</p>

For and on behalf of the Board of APIIC Ltd

Sd/-
Dr. P.Krishnaiah, IAS (Retd.)
CHAIRMAN

Place: Hyderabad
Date: 30-03-2015

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Balance Sheet as at 31st March 2014

(Rupees in lakhs)

	Particulars	Note No.	Figures as at the end of current year 2013-14	Figures as at the end of previous year 2012-13
I	EQUITY AND LIABILITIES			
(1)	Shareholder's funds			
a	Share Capital	2	1632.75	1632.75
b	Reserves and Surplus	3	51325.94	47194.71
	Shareholder's funds - Total		52958.69	48827.46
(2)	Non-Current liabilities			
a	Long term borrowings	4.1	34197.95	0.00
b	Deferred tax liabilities (Net)	4.2	847.86	514.39
c	Other Long term liabilities	4.3	111125.73	205581.72
d	Long-term provisions	4.4	1221.61	1269.91
	Non -current liabilities - Total		147393.15	207366.02
(3)	Current liabilities			
a	Trade payables	5	698.33	355.08
b	Other current liabilities	6	487237.59	588577.94
c	Short-term provisions	7	49900.83	45876.47
	Current liabilities - Total		537836.75	634809.49
	Total Equity and Liabilities		738188.59	891002.97
II	ASSETS			
(1)	Non -Current Assets			
a	Fixed Assets			
	(i) Tangible Assets	8.1.3	61541.57	56817.80
b	Non-current investments	9	32324.40	32322.31
c	Long-term loans and advances	10	245846.25	55466.40
	Non- current Assets - Total		339712.22	144606.51
(2)	Current Assets			
a	Inventories	11	351365.31	708621.30
b	Trade receivables	12	4188.00	2412.61
c	Cash and cash equivalents	13	19375.90	17587.03
d	Short -term loans and advances	14	1089.44	1494.90
e	Other current assets	15	22457.72	16280.62
	Current Assets - Total		398476.37	746396.46
(3)	Accounting Policies	1		
	Total Assets		738188.59	891002.97

AS PER OUR REPORT OF EVEN DATE
for JAWAHAR AND ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
V UMAPATHI
PARTNER
M.NO: 21887
FIRM REG. NO.: 001281S

Sd/-
K V SATYANARAYANA, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
ANDHRA DIVISION

Sd/-
K PRADEEP CHANDRA, IAS
DIRECTOR

Sd/-
Dr. P KRISHNAIAH, IAS, (Retd.)
CHAIRMAN

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

DATE: 27.09.2014
PLACE: HYDERABAD

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Profit and Loss statement for the year ended 31st March 2014

(Rupees in Lakhs)

	Particulars	Note No.	Current Year	Previous Year
I	Revenue from operations	17	121374.75	35726.01
II	Other Income	18	4309.92	6059.54
III	Total Revenue (I + II)		125684.67	41785.55
IV	Expenses			
a	Cost of Sales	19	115784.50	31078.43
b	Employee Benefits expense	20	2817.64	2381.19
c	Depreciation and amortization expense		378.36	300.57
d	Other expenses	21	1985.48	4322.30
e	Total Expenses		120965.98	38082.49
V	Profit before Exceptional and Extraordinary items and tax (III - IV)		4718.69	3703.06
VI	Exceptional items		0.00	0.00
VII	Profit before extraordinary itmes and tax (V-VI)		4718.69	3703.06
VIII	Extraordinary items		0.00	0.00
IX	Profit before tax (VII - VIII)		4718.69	3703.06
X	Tax expense:			
	(1) Current Tax - Current Year		988.99	741.38
	- Previous Years		565.01	251.62
	(2) Deffered Tax - Current Year		333.46	425.28
	(3) MAT Credit		0.00	(479.95)
XI	Profit (Loss) for the period (IX - X)		2831.23	2764.73
XII	Earning per equity share (in Rupees):			
	(Basic & Diluted)		1734	1693
	(Face value of Rs.1000 per Share)			

AS PER OUR REPORT OF EVEN DATE
for JAWAHAR AND ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
V UMAPATHI
PARTNER
M.NO: 21887
FIRM REG. NO.: 001281S

Sd/-
K V SATYANARAYANA, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
ANDHRA DIVISION

Sd/-
K PRADEEP CHANDRA, IAS
DIRECTOR

Sd/-
Dr.P KRISHNAIAH, IAS,(Retd.,)
CHAIRMAN

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

DATE: 27.09.2014
PLACE: HYDERABAD

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Notes forming part of Balance Sheet and Statement of Profit & Loss**1 ACCOUNTING POLICIES :**

The financial statements have been prepared in accordance with the Revised Schedule VI of the Companies Act 1956 to the extent applicable and the necessary details have been disclosed in the said statement as per Part I & II of the Schedule.

1 Basis of Accounting

1.1 The Financial Statements of the Company have been prepared based on Historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP) and provisions of the Companies Act 1956, as adopted consistently by the Company. The company follows the mercantile system of accounting.

2 Estimates

2.1 The preparation of Financial Statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of Financial Statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, employee retirement benefit plan, provision for gratuity etc.

3 Revenue Recognition

- 3.1 Profit/Loss is recognized on allotment and transfer of sheds, land, houses on outright sale or hire-purchase and the difference between sale price and cost price of the assets sold is taken to Profit & Loss Account, where ever the developmental works are completed substantially.
- 3.2 The Lease Premium in respect of Special Economic Zones is being amortised over the lease term and revenue recognised accordingly considering the lease as operating Lease.
- 3.3 In respect of deposit works undertaken, Centage Charges are recognised as income based on percentage of work completion.
- 3.4 The dividend revenue is recognized on receipt basis.

4 VALUATION OF INVENTORIES

- 4.1 Inventories such as land, HP stock, construction material, stock in trade at IPs/IDAs, housing stock, and work in progress are valued at cost

5 Fixed Assets

- 5.1 Fixed assets are accounted on historical cost and are shown net of accumulated depreciation. 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.
- 5.2 All lands and other assets relating to Special Economic Zones which are fixed assets in nature are treated as Fixed Assets and accounted on historical cost and the accumulated depreciation are shown separately.
- 5.3 Any profit/loss on sale, discard /disposal of an asset is charged to profit & loss account in that year.
- 5.4 Self constructed assets / addition to assets are taken into account after receiving the certification from the competent authority.
- 5.5 In case of purchase / addition of assets whose value \leq Rs.5000/- are charged to Profit & Loss Account.

6 DEPRECIATION

- 6.1 Depreciation on assets is charged on Straight Line method at the rates prescribed in schedule XIV of Companies Act, 1956.
- 6.2 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.

7 INVESTMENTS

- 7.1 All the long-term investments (unquoted) are stated at cost of acquisition. Cost of the investment includes all direct cost incurred for acquisition of investments such as purchase price (Land transferred or Cash), brokerage, commission, stamp duty etc.

8 EMPLOYEE BENEFITS

8.1 PROVIDENT FUND:

Company's contribution to the Provident Fund is deposited with the Trust formed by the Company under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 and which is recognized by the Income Tax authorities. Such contributions are charged to Profit & Loss account each year.

8.2 GRATUITY:

The Group Gratuity for the employees of the Company is covered under a policy taken from Life Insurance Corporation of India. The premium paid is charged off in the accounts. The amounts paid in certain cases in excess of amounts reimbursed by LIC are also charged off in the accounts.

8.3 LEAVE ENCASHMENT:

"In respect of Leave Salary payable to employees on retirement, provision is made in the accounts based on salary drawn at the end of the year. No provision of Leave Salary contribution, Pension contribution and Gratuity is made in respect of employees working on deputation. The amount paid for the year is charged off to revenue during the year of payment. Provision for probable leave salary payable for next twelve months is shown under short term provisions and the balance provision is shown under long term provisions."

9 PROVISION FOR BAD AND DOUBTFUL DEBTS:

Provision for bad and doubtful debts is made @ 100% on Interest receivable on account of Rentals, Penal interest on Hire purchase, water charges etc and 100% of sundry debtors in respect of water, rentals, deposit works exceeding more than 3 years.

10 PROJECT GRANTS:

Grants received for execution/development of projects (Growth Centers etc.,) are adjusted against the expenditure incurred on projects concerned and the balance is shown under the Other Liabilities and grouped under Other Long term liabilities.

11 CONTINGENT LIABILITIES:

Contingent liabilities not provided for are indicated by way of notes to accounts.

12 TREATMENT OF EXPENDITURE DURING CONSTRUCTION / DEVELOPMENT PERIOD:

The civil works expenditure during construction period is treated as Works in progress. Like-wise, the administrative expenditure on engineering personnel/officers of the Company engaged on civil works is treated as works in progress. On completion of works and on receipt of completion reports, the works are capitalised or taken as current assets of the Company.

13 MISCELLANEOUS:

The liability on account of leave travel facilities available to the employees, liability towards electricity and water charges for which bills are not received and property tax etc., leviable on land and sheds for which assessments are not completed, will be provided on payment basis.

14 TAXES ON INCOME:

Provision for Current Tax is made on the basis of taxable profits computed for the current accounting period (reporting period) in accordance with the provisions of the Income Tax Act, 1961.

Provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted or substantially enacted tax rates.

NOTES TO ACCOUNTS

BALANCE SHEET:

	(Rs.in lakhs) As at 31-3-2014	(Rs.in lakhs) As at 31-3-2013
2 SHARE CAPITAL		
2.1 Authorised Capital 2,00,000 equity shares of Rs. 1000 each	2000.00	2000.00
2.2 Issued, Subscribed and Paid up Capital 1,63,275 equity shares of Rs. 1000 each	1632.75	1632.75
TOTAL	1632.75	1632.75
2.3 Details of Shareholders holding more than 5% (percent) shares in the Company:		
	As at 31st March 2014	As at 31st March 2013
	No. of shares % of holding	No. of shares % of holding
Government of Andhra Pradesh including its nominees	163275 100%	163275 100%
2.4 The Company has only one class of shares i.e. equity shares ranking parri passu with all respects including entitlement of dividend, voting and repayment of capital. Each equity share carries one vote.		

3 RESERVES AND SURPLUS	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
Capital Reserve	1300.00	0.00
sub-total	1300.00	0.00
Profit and Loss Account		
As per last Balance Sheet	47194.71	44429.98
Add: Profit/ Loss for the year	2831.23	2764.73
sub-total	50025.94	47194.71
TOTAL	51325.94	47194.71

NON-CURRENT LIABILITIES:

4.1 LONG TERM BORROWINGS	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
Loan from RINL	16,800.08	0.00
Loan from NTPC	3,500.00	0.00
Interest accrued & not due thereon(Payable from 2022-23)	11,468.54	0.00
Loan from oriental bank of Commerce	2,429.33	0.00
TOTAL	34197.95	0.00

4(a) Loan from NTPC and RINL:

An amount of Rs. 35,000.00 lakhs was borrowed from RINL, NTPC and GVMC for Visakhapatnam Industrial Water Supply Company(VIWSCO - Joint venture of APIIC and GVMC) to implement Godavari Water supply project during the F.Y. 2003-04. The loan was utilised by VIWSCO for implementation of Godavari water supply project. The company entered bipartite agreements with NTPC, RINL, GVMC and VIWSCO for drawal, disbursement and servicing of the loan and also entered tripartite agreements with RINL, NTPC, GVMC and VIWSCO and created first charge on the assets of the Godavari Water supply project of VIWSCO to RINL, NTPC and GVMC. The principal and interest (including penal interest) thereon is guaranteed by Government of Andhra Pradesh.

As per the terms and conditions of the agreement, the loan is repayable in seven equal annual instalments after moratorium period of 6 years from the year of 1st drawal which is 2003-04. The rate of interest is 10% per annum and the penal interest is 2% per annum in case of defaults. The 1st instalment was drawn during the F.Y. 2003-04.

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED, HYDERABAD

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 company is yet to consider restructuring plan.

VIWSCO is directly servicing the loan to RINL and NTPC from time to time and no entries are passed in the books of accounts for servicing of interest as it has no impact on the Profit and Loss account. The figures adopted are from the annual accounts of VIWSCO for the F.Y 2013-14 by making necessary entries in the books of accounts during the year and therefore previous year's including accrued interest figures (Rs.36,552.35 lakhs) are shown as NIL. The loans from RINL and NTPC includes accrued interest repayable from 2022-23. Hence, the balances are subject to reconciliation."

4(b) Loan from Oriental Bank of Commerce:

An amount of Rs. 12077.30 lakhs was borrowed from Oriental Bank of Commerce, Hyderabad for land acquisition of Rajiv Gandhi International Airport, Shamshabad, Hyderabad. The Government of Andhra Pradesh provided guarantee for servicing of the principal and interest thereon and took obligation to service the loan from time to time and is making necessary budgetary provisions. The loan payable is fifty quarterly instalments in ten years and carry 7.25% fixed rate of interest. Penal interest is 2% incase of default. Balance instalments payable are fourteen. The amount due from Government in this regard is shown under Other Long Term Loans and Advances.

	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
4.1 DEFERRED TAX LIABILITIES (NET)		
4.1.1 As per Accounting Standard (AS -22) on accounting for Taxes on income of the Companies (Accounting Standards) Rules 2006, the deferred tax liability as on 31st March comprises of the following:		
Deferred Tax Liability related to fixed assets	1014.24	680.77
Deferred Tax Asset relating to Payments u/s 43B of IT Act	166.38	166.38
Net Deferred Tax Liability (Asset)	847.86	514.39
4.2 OTHER LONG TERM LIABILITIES		
	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
Funds for incubation centers etc.	9979.70	5241.50
Due to GoAP - Land Alienated	0.00	138727.54
sub-total	9979.70	143969.04
Other liabilities	101146.03	61612.68
sub-total	101146.03	61612.68
TOTAL	111125.73	205581.72
4.3 Long Term Provisions:	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
Provision for leave Benefits		
As per the last balance sheet	1269.91	917.32
Add: Additions during the year	1221.61	1269.91
Less: Payments/adjustments during year	1269.91	917.32
	1221.61	1269.91
5 TRADE PAYABLES		
Trade Payables	698.33	355.08
TOTAL	698.33	355.08
6 OTHER CURRENT LIABILITIES	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
Deposits received from allottees	454305.70	560825.74
Other Current Liabilities	28297.32	27752.20
Current maturities of long term Debt	3879.92	0.00
Interest accrued and due on borrowings	754.65	0.00
TOTAL	487237.59	588577.94
6.1 Assistance to States For Developing Export Infrastructure & Allied Activities (ASIDE):		
The Government of India formulated a scheme namely "Assistance to States For Developing Export Infrastructure & Allied Activities (ASIDE)" for involvement of States in export efforts. Under this scheme, funds to the State are directly disbursed to State Level Nodal Agency by Government of India. In this process an amount of Rs.1727.84 lakhs (Previous year Rs.275.00 lakhs) was released by Government of India during the year.		

6.2 Industrial Infrastructure Development Fund (IIDF):

Government of Andhra Pradesh created a fund called IIDF for taking up infrastructure works wherever there is no provision to take up such works under regular budget. Under this Scheme, an amount of Rs.250.00 Lakhs (Previous year Rs. 249.99 lakhs) was received during the year.

6.3 Construction of Incubation Centres:

Government of Andhra Pradesh released an amount of Rs. 4753.74 lakhs (Previous Year Rs. 5200.00 lakhs) during the year towards construction of IT incubation centres in Tirupati, Warangal, Visakhapatnam and Kakinada.

6.4 Deposit Works:

The Company has been executing civil works on behalf of various departments of State and Central Governments. These works which are in various stages of completion are in possession of the Company and they are to be handed over to the respective Departments after their completion. The amount excess spent/balance advance outstanding are shown in Sundry debtors/Deposits - Other Liabilities depending on their nature.

6.5 Land Conversion Charges:

The state investment promotion Committee (SIPC) in its meeting held on 26.04.2013, decided not to provide exemption to the corporation from payment of land conversion fee for non-agricultural purposes foregoing state revenues since APIIC would pass on any costs to the end client. Accordingly, an amount of Rs. 29,851.91 Lakhs towards conversion fee was provided in the books of accounts during the year.

6.6 Sundry Creditors and other deposits are subject to confirmation.

	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
7 SHORT-TERM PROVISIONS		
7.1 (a) PROVISION FOR EMPLOYEE BENEFITS (Ref Note No. 4.3 and 20)		
Provision for Gratuity		
As per the last balance sheet	391.28	274.15
Add: Additions during the year	0.00	117.13
Less: Payments/adjustments during year	391.28	0.00
	0.00	391.28
7.2 Provision for leave Benefits		
As per the last balance sheet	190.49	550.00
Add: Additions during the year	222.45	190.49
Less: Payments/adjustments during year	190.49	550.00
	222.45	190.49
7.3 Provision for Bonus		
As per the last balance sheet	0.00	0.10
Add: Additions during the year	0.00	0.02
Less: Payments/adjustments during year	0.00	0.12
	0.00	0.00
(b) OTHERS		
7.4 Provision for PS charges		
As per the last balance sheet	193.84	207.18
Add: Additions during the year	678.50	229.30
Less: Payments/adjustments during year	456.08	242.64
	416.26	193.84
7.5 Provision for Contractual Obligations		
As per the last balance sheet	42260.42	34446.82
Add: Additions during the year	6011.29	7813.60
Less: Payments/adjustments during year	0.00	0.00
	48271.71	42260.42
7.6 Provision for taxation		
As per the last balance sheet	2840.44	2099.07
Add: Additions during the year	1554.00	741.37
Less: Payments/adjustments during year	3404.03	0.00
	990.41	2840.44
TOTAL	49900.83	45876.47

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED, HYDERABAD

8 NON-CURRENT ASSETS

8.1 TANGIBLE ASSETS

8.1.1 GROSS BLOCK AT COST

PARTICULARS	(Rs. in Lakhs)			
	Cost as at 31st March, 2013	Additions during the year	Deductions during the year	Upto 31st March, 2014
LAND including Land Development	998.91	0.00	0.00	998.91
BUILDINGS	338.96	0.00	0.00	338.96
REFRIGERATORS, Acs AND AIR COOLERS	20.12	1.03	1.60	19.55
FURNITURE AND FIXTURES	120.83	2.29	14.44	108.68
OFFICE EQUIPMENT	156.30	13.31	17.72	151.89
VEHICLES	81.47	164.24	0.00	245.71
ELECTRICAL EQUIPMENT	33.46	3.17	1.91	34.72
DRAWING EQUIPMENT	2.14	0.00	0.00	2.14
COMPUTER	449.55	7.50	161.29	295.76
QUALITY CONTROL EQUIPMENT	5.42	0.00	0.00	5.42
LAND - SEZ	45141.95	1898.72	0.00	47040.67
LAND DEVELOPMENT - SEZ	3261.62	830.17	0.00	4091.79
BUILDING - SEZ	6.12	0.00	0.00	6.12
WATER SUPPLY - SEZ	767.09	0.00	0.00	767.09
SEWERAGE - SEZ	155.83	981.33	0.00	1137.16
EXTERNAL ELECTRIFICATION - SEZ	132.99	124.18	0.00	257.17
ROADS AND BRIDGES - SEZ	5113.53	1182.32	0.00	6295.85
SOLAR POWER PLANT	1263.53	0.00	0.00	1263.53
CURRENT YEAR	58049.82	5208.26	196.96	63061.12
PREVIOUS YEAR	58435.30	33742.22	34127.71	58049.81

8.1.2 DEPRECIATION BLOCK

PARTICULARS	(Rs. in Lakhs)			
	Upto 31st March, 2013	For the year	Deductions/ Adjustments	Upto 31st March, 2014
BUILDINGS	80.57	5.52	0.00	86.09
REFRIGERATORS, Acs AND AIR COOLERS	9.31	1.73	1.60	9.44
FURNITURE AND FIXTURES	63.80	8.37	14.45	57.72
OFFICE EQUIPMENT	75.56	28.19	17.58	86.17
VEHICLES	35.15	19.33	0.00	54.48
ELECTRICAL EQUIPMENT	8.73	2.01	1.91	8.83
DRAWING EQUIPMENT	1.85	0.02	0.00	1.87
COMPUTER	333.59	47.78	161.28	220.09
QUALITY CONTROL EQUIPMENT	5.42	0.00	0.00	5.42
LAND DEVELOPMENT - SEZ	0.00	0.00	0.00	0.00
BUILDING - SEZ	0.48	0.10	0.00	0.58
WATER SUPPLY - SEZ	157.17	36.44	0.00	193.61
SEWERAGE - SEZ	28.57	54.02	(39.38)	121.97
EXTERNAL ELECTRIFICATION - SEZ	27.45	12.21	(6.42)	46.08
ROADS AND BRIDGES - SEZ	344.34	102.62	(60.20)	507.16
SOLAR POWER PLANT	60.02	60.02	0.00	120.04
CURRENT YEAR	1232.01	378.36	90.82	1519.55
PREVIOUS YEAR	1202.65	329.72	300.36	1232.01

8.1.3 **NET BLOCK**

PARTICULARS

(Rs. in Lakhs)

	As at 31st March 2013	Asset impairment loss (reversal) for the year	Impairment end of 31st March 2014	As at 31st March 2014
LAND including Land Development	998.90	0.00	0.00	998.91
BUILDINGS	258.39	0.00	0.00	252.87
REFRIGERATORS, Acs AND AIR COOLERS	10.81	0.00	0.00	10.11
FURNITURE AND FIXTURES	57.03	0.00	0.00	50.96
OFFICE EQUIPMENT	80.74	0.00	0.00	65.72
VEHICLES	46.32	0.00	0.00	191.23
ELECTRICAL EQUIPMENT	24.73	0.00	0.00	25.89
DRAWING EQUIPMENT	0.29	0.00	0.00	0.27
COMPUTER	115.96	0.00	0.00	75.67
QUALITY CONTROL EQUIPMENT	0.00	0.00	0.00	0.00
LAND - SEZ	45141.95	0.00	0.00	47040.67
LAND DEVELOPMENT - SEZ	3261.62	0.00	0.00	4091.79
BUILDING - SEZ	5.64	0.00	0.00	5.54
WATER SUPPLY - SEZ	609.92	0.00	0.00	573.48
SEWERAGE - SEZ	127.26	0.00	0.00	1015.19
EXTERNAL ELECTRIFICATION - SEZ	105.54	0.00	0.00	211.09
ROADS AND BRIDGES - SEZ	4769.19	0.00	0.00	5788.69
SOLAR POWER PLANT	1203.51	0.00	0.00	1143.49
CURRENT YEAR	56817.80	0.00	0.00	61541.57
PREVIOUS YEAR	57232.65	0.00	0.00	56817.80

8.1.4 **Buildings**

The company purchased 6th floor (11840 sft) from APIDC on outright purchase basis for a consideration of ₹ 13.20 lakhs in the year 1979 and 4th floor (11867 sft) from APSSIDC for a consideration of ₹ 150.00 lakhs in the year 1998. The same was shown under the head Buildings in Fixed Assets pending execution of sale deed by the respective parties.

8.1.5 **Depreciation:**

A policy on Physical verification of fixed assets is framed and adopted during the year. The assets damaged and not available are identified and necessary entries are passed in the Books of Accounts. Accordingly, an amount of Rs. 18.32 lakhs was written off during the year.

8.1.6 **SPECIAL ECONOMIC ZONES (SEZ):**

The company was appointed as Nodal Agency for development of Special Economic Zones (SEZs) in Andhra Pradesh. 17 Nos of SEZs were notified by Govt of India as at the end of the year which are being developed by the company as Developer. In respect of the allotments made under lease basis during the year and lease deeds executed, the income on lease premium is taken proportionately depending upon the lease period and lease rentals are accounted for as revenue.

The assets relating to Special Economic Zones amounting Rs. 59595.85 lakhs (Previous Year Rs. 54579.13 Lakhs) are shown under the head Fixed Assets and depreciation amounting Rs. 869.4 lakhs (Previous Year Rs. 558.01 Lakhs) was charged to Profit and Loss Account upto the Financial Year.

9 **NON-CURRENT INVESTMENTS**

9.1	Trade Investments - Unquoted (Companies incorporated in India)	(Rs. in Lakhs)	(Rs. in Lakhs)
	% of Holding	As at 31-3-2014	As at 31-3-2013
<u>INVESTMENTS IN SUBSIDIARY COMPANIES</u>			
I	10,000 equity shares of Rs.10/- each fully paid-up in Ecity manufacturing cluster Ltd	100	1.00
II	10,000 equity shares of Rs.10/- each fully paid-up in Maheswaram Science Park Ltd	100	1.00
III	8,900 equity shares of Rs.10/- each fully paid-up in Fab City SPV (India) P Ltd	89	0.89

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED, HYDERABAD

		% of Holding	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
IV	2,04,00,000 equity shares of Rs.10/- each fully paid up in A P Gas Infrastructure Corporation P Ltd	51	2040.00	2040.00
V	51000 equity shares of Rs. 10/- each fully paid up in Krishnapatnam International Leather Complex Pvt. Ltd.	51	5.10	5.10
INVESTMENTS IN JOINT VENTURE				
VI	2,20,27,064 equity shares of Rs.10/- each fully paid-up in Visakhapatnam Industrial Water Supply Company Ltd	49	2202.71	2202.71
INVESTMENTS IN ASSOCIATE COMPANIES				
VII	3,84,80,000 equity shares of Rs.10/- each fully paid-up in Cyberabad Convention Center (P) Ltd	26	3848.00	3848.00
VIII	1,97,49,698 equity shares of Rs.10/- each fully paid-up in Boulder Hills Leisure (P) Ltd	26	1974.97	1974.97
IX	2,50,32,202 equity shares of Rs.10/- each fully paid-up in Emmar Hills Township (P) Ltd	26	2503.22	2503.22
X	52,00,000 equity shares of Rs.10/- each fully paid up in L&T Hitech City Ltd	26	520.00	520.00
XI	15,00,000 equity shares of Rs.10/- each full pad-up in Bharatiya International SEZ Ltd	11.05	150.00	150.00
INVESTMENTS IN RELATED PARTY COMPANIES				
XII	22,00,000 equity shares of Rs.10/- each fully paid-up in K Raheja IT Park Ltd	11	220.00	220.00
XIII	1,42,640 equity shares of Rs. 10/- each fully paid-up in Intime Properties Pvt. Ltd.,	11	14.26	11.79
XIV	1,17,901 equity shares of Rs. 10/- each fully paid-up in Sundew Properties Pvt. Ltd.,	11	11.79	14.26
XV	2,09,37,200 equity shares of Rs.10/- each full paid up in CBD Tower (P) Ltd	11	2093.72	2094.92
XVI	29,70,000 equity shares of Rs.10/- each fully paid-up in L&T Infocity Ltd (includes 9,90,000 Bonus shares issued on May 12, 2003)	11	198.00	198.00
XVII	19,80,000 equity shares of Rs.10/- each fully paid-up in Ramky Pharma City (India) Ltd	11	198.00	198.00
XVIII	2,50,000 equity shares of Rs.10/- each fully paid-up in Patancheru Envirotech Ltd	10	25.00	25.00
XIX	20,825 equity shares of Rs.10/- each fully paid-up in Hyderabad Information Technology Venture Enterprises Ltd	8	2.08	2.08
XX	4,165 equity shares of Rs.10/- each fully paid-up in Cyberabad Trustee Company (P) Ltd	8	0.42	0.42
XXI	500 equity shares of Rs.10/- each fully paid-up in Hyderabad Pharma Infrastructure & Technologies Ltd	1	0.05	0.05
XXII	44,000 equity shares of Rs.10/- each fully paid-up in Vizag IT Park Ltd	0.49	4.40	4.40
XXIII	770 Units of Rs.25,000/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (HIVE FUND)		192.50	192.50

	% of Holding	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
XXXIV 15,90,62,800 Fully Secured Convertible Debentures of Rs.10/- each in CBD Tower (P) Ltd		15906.28	15905.08
XXV 4,70,800 equity shares of Rs.10/- each fully paid-up in Nano Tech Silican India Ltd	20	47.08	47.08
XXVI Deposit towards share application money			
UoH Knowledge and Innovation Park (P) ltd	0.00		0.11
Bhagyanagar Gas Ltd	239.07	239.07	239.06
TOTAL		<u>32399.54</u>	<u>32397.64</u>
Less provision for diminution of investments			
Nano tech silicon	47.08		47.08
UoH Knowledge and Innovation Park (P) Ltd	0.00		0.11
CTCPL - HIVE Fund	28.06	75.14	28.14
		<u>75.14</u>	<u>75.33</u>
GRAND TOTAL		<u>32324.40</u>	<u>32322.31</u>

As per the directions of Government of AP in G.O. Ms. No. 94 of Inds & Commerce (INF) Department dated 28.04.2007, the Corporation acquired 89% of equity (Rs. 89,000/-) in Fab city SPV (India) P Ltd., Consequently the Fab city SPV (India) P Ltd., become a subsidiary company of the Corporation. The amounts due from the subsidiary company towards land cost and infrastructure and the amounts received for on behalf of the subsidiary company are shown "Due from Fab City SPV (India) Pvt., Ltd.," and grouped under Other Current Assets in the books of accounts.

9.3 Investment in M/s Emaar Hills Township Private Limited :

The shares allotted to the Corporation for the investments made against the allotment of land at the time of incorporation is being continued in the above company. The corporation filed Civil suite stating that, the development agreement entered into with EMAAR MGF Limited (Co - Developer) is illegal and void. Further, CBI had conducted an enquiry and file charge sheet on the above company alleging irregularities in execution of development agreement cum GPA with Co-Developer. The matter is under investigation.

9.4 Investments in CBD Towers (P) Ltd:

"The Company has allotted land admeasuring 80.27 acres in Sy. Nos.283 and 311 of Manchirevula village, Rajendranagar Mandal, R R District to M/S C B D Towers (P) Ltd. In consideration of allotment of land for construction of trade towers, the investee company has issued 15,97,67,891 (12%) fully convertible Debentures of Rs.10/- each. 7,05,125 No. of debentures were converted into equity shares out of the total convertible debentures of 15,97,67,891 upto 31.03.2013. Also the coupon rate was reduced to 2% from 12% w.e.f. 01.04.2010 upto 31.03.2014."

9.5 Investment in APGICP 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.20.40 crores) in Andhra Pradesh Gas Infrastructure Corporation (P) Ltd.

9.6 Investment in E-City Manufacturing Cluster Limited :

As per the directions of Government of AP vide the IT& C Department's letter No. 2097/IT&C/Prom2/2011 dated 08-08-2013, the Corporation promoted E-City Manufacturing Cluster Limited and acquired 100% of equity (Rs. 1.00 lakh) of the Company.

9.7 Investment in Maheshwaram Science Park Limited :

As per the directions of Government of AP vide the IT& C Department's letter No. 2097/IT&C/Prom2/2011 dated 08-08-2013, the Corporation promoted Maheshwaram Science Park Limited and acquired 100% of equity (Rs. 1.00 lakh) of the Company.

9.8 Investment in Sundew Properties Pvt. Ltd., and Intime Properties Pvt. Ltd.,

Investments in respect of Sundew Properties Pvt. Ltd.,(Rs. 11.79 Lakhs) was inadvertently accounted as investments in Intime Properties Pvt. Ltd.,(Rs. 14.26 Lakhs) and vice versa. The same was rectified during the year.

9.9 Provision for diminution in the value of investments is made in respect of Nanotech Silicon India Ltd., and Cyberabad Trustee Company Pvt Ltd. - HIVE Fund.

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED, HYDERABAD

10	LONG-TERM LOANS AND ADVANCES	(Rs. in Lakhs)	(Rs. in Lakhs)
	(Unsecured and Considered Good)	As at 31-3-2014	As at 31-3-2013
	Security Deposits	25.58	38.50
	Loans & Advances to related Parties	19024.60	5961.11
	Advances to Staff	461.47	504.50
	Other Loans & Advances	70603.29	47782.01
	Amount paid under Resource Mobilisation due from GoAP	147201.33	0.00
	TOTAL	237316.27	54286.12
	Other non current assets		
	Fixed Deposits	7726.85	1007.20
	Accrued int on Fixed Deposits	803.13	173.08
	Sub total	8529.98	1180.28
	TOTAL	245846.25	55466.40

The above Fixed Deposit and accrued interest thereon represents deposit made with Syndicate Bank, NS road, Hyderabad as per the interim orders of Supreme court to auction of land allotted to United Tractors - a sick company. Realisation of deposit is subject to final judgement of the honourable supreme court.

11	CURRENT ASSETS	(Rs. in Lakhs)	(Rs. in Lakhs)
		As at 31-3-2014	As at 31-3-2013
11.1	INVENTORIES (As certified by the Management)		
	Construction materials	45.09	45.09
	Stock in trade - Land	267,389.70	629,691.87
	Stock in Trade - Land Development	4,755.99	4,819.78
	Stock in trade - Buildings	835.85	907.37
	Stock in trade - Sheds	943.50	949.03
	Stock in trade - Water Supply	4118.25	4191.90
	Stock in trade - Sewerage	719.79	395.16
	Stock in trade - External Electrification	3530.54	3555.32
	Stock in trade - Roads and Bridges	17956.27	16903.86
	Houses - Stock	26.61	26.61
	Hire Purchase Stock - Sheds	61.08	61.27
	Sub Total	300382.67	661547.26
	Work - in progress	50982.64	47074.04
	Sub Total	50982.64	47074.04
	TOTAL	351365.31	708621.30

11.2 **Government Lands:**

- a) In respect of Government Lands taken possession and where alienation orders are not received the cost paid / cost payable is taken to books towards cost of inventory by creating provision.

11.3 **Inventories:**

The minus balances in certain estates reflected in the books of accounts is due to elimination of cost on execution of sale deeds, revision of layouts at a later date, refund of excess amounts deposited with land acquisition officers on finalisation of court cases. The same is under review and reconciliation. Necessary rectification will be made after review and reconciliation.

Lands:

Name of the area	Details
AIE Bodhan	Current Assets include land, sheds, buildings etc., amounting to Rs.16.01 lakhs acquired by Company for which sale deed is yet to be executed.
IDA Jeedimetla, Phase.V	86.725 acres of land was taken possession from Government on lease for 99 years for which no liability was created pending fixation of lease rentals.
IE Gudur	10 acres of land was taken possession along with super structures as per G.O.Ms.No.703, Health, dt.29.6.1977 which was not included in the assets of the Company pending finalization of the cost and other formalities by Government.

Izzatnagar (v), Serilingampalli mandal RR District	An extent of 15.139 acres of Government land in survey No5/9(p),5/10(p) and 5/11(p) at Izzatnagar (v), Serilingampalli mandal of RR District was taken possession by the Corporation on 10.10.2005 as per G O Ms No133, TR & B (R III) Department dated 22.06.2005. The same was not taken to books of account pending finalisation of land cost and other formalities by Government.
Krishnapatanam(v), Nellore district	An extent of 1021.67 acres of ceiling surplus land was leased out to the Company by GoAP vide G O Ms No.241 dated 28.02.2005 for a period of 25 years. This land was not taken to books of accounts as the lease terms and conditions are not finalised by GoAP.
Raidurg(v), Serilingampalli mandal, RR District	Government of Andhra Pradesh transferred an extent of 470.63 acres of surplus land in survey No.83 of Raidurg (v), Serilingampalli Mandal, RR District vide G O Ms No.161 dated 13.02.2006 and G O Ms No.1077 dated 02.09.2008 of Revenue(UC.II) Department for resource mobilisation. Pending sale/ Auction of Raidurg Lands, an amount of Rs.4,89,227 lakhs was remitted to Government of Andhra Pradesh towards resource mobilisation. An amount of Rs. 2,03,215 lakhs was realised on auction of 120.00 Acres of the above lands which was capitalised in the books of accounts. An amount of Rs.1,46,920 lakhs payable to GoAP was adjusted against the advance payment towards cost of other Govt. Lands. Balance amount of Rs. 1,47,201 lakhs is receivable/ due from Government on account of resource mobilisation. Raidurg Lands to the extent of 359.00 Acres was not taken in the books of accounts pending finalisation of extent of land for resource mobilisation and the cost of the land and no profit/loss is considered on sale of lands.

		(Rs. in Lakhs)	(Rs. in Lakhs)
		As at 31-3-2014	As at 31-3-2013
12	TRADE RECEIVABLES		
	(Unsecured and Considered Good)		
	(a) Debts exceeding 6 months	4949.81	4262.30
	(b) Other debts	349.83	326.56
	Less: Provision for doubtful debts	1111.64	2176.25
	TOTAL	4188.00	2412.61
	The age wise analysis for the sundry debtors was done based on the date of invoice instead of due date for payment. Allowance for doubtful debts is created at 100% on principal amount for debtors outstanding more than 3 years.		
13	CASH AND CASH EQUIVALENTS	(Rs. in Lakhs)	(Rs. in Lakhs)
		As at 31-3-2014	As at 31-3-2013
	Cash on Hand - Estates	0.00	0.01
	Cheques / DDs on hand - Estates	8.85	7.64
	Cash in Transit	0.00	28.65
	Balance in Bank Accounts	5106.74	1818.61
	Balance with Banks - Estates	124.29	658.07
	Bank Deposits less than 3 months		
	Fixed Deposits	5538.47	5000.02
	Accrued interest on Fixed Deposits less than 3 months	312.00	382.55
	Earmarked Balances with Banks		
	Public Deposit Account - Funds from PD Account can be drawn only against the bills of sanctioned works.	8285.55	9691.48
	TOTAL	19375.90	17587.03
14	SHORT - TERM LOANS AND ADVANCES	(Rs. in Lakhs)	(Rs. in Lakhs)
		As at 31-3-2014	As at 31-3-2013
	Advances Recoverable in Cash or in Kind for the value to be received		
	Interest free Loans & Advances to Staff etc.	1089.44	1494.90
	TOTAL	1089.44	1494.90
15	OTHER CURRENT ASSETS		
15.1	Accrued interest on Fixed Deposits more than 3 months		
	Interest /Income Accrued	285.45	46.60
	Bank Deposits for more than 3 months	1007.19	2841.00
	Projects	0.00	1.59
	Other advances	20202.85	11702.58
	IT deducted at Source	214.15	942.47
	Capital Expenditure to the extent not written off	1.70	0.00
	MAT Credit	746.38	746.38
	TOTAL	22457.72	16280.62

Fixed Deposits include an amount of Rs. 1,007.19 Lakhs in ING Vysya Bank Limited, Abids Branch towards collateral Security in respect of Bank Guarantee given on behalf of Andhra Pradesh Gas Infrastructure Corporation Pvt Limited.

15.2 Sundry debtors , Loans and advances are subject to confirmation.

15.3 **Land allotted under IT Policy of Government of A.P.:**

As per G.O.Ms.No.114 dated 25.05.1999 of Finance and Planning (Plg.IT&C) Department, the cost of rebate/incentives granted to IT Companies will be adjusted against cost of Government lands alienated to APIIC.

In pursuance of the above GO, the amount of Rs. 46,41,24,873/- (Previous year Rs.46,41,24,873/-) receivable from Government of Andhra Pradesh is exhibited under Other Current Assets of Balance Sheet as alienation orders for various Government lands are awaited.

16 **CONTINGENT LIABILITY:**

16.1 **CIVIL WORKS:**

S.No	Particulars	2013-14 (Rs.in Lakhs)	2012-13 (Rs.in Lakhs)
i)	Estimated amount of contracts remaining to be executed on capital account not provided for	5021.83	7524.62
ii)	Claims against the company not acknowledged as debts	49.47	49.47

16.2 **LAND ACQUISITION & ALLOTMENT:**

S.No	Particulars	2013-14 (Rs.in Lakhs)	2012-13 (Rs.in Lakhs)
I)	Claims made by pattadars but being contested in lower Courts	14,661.57	5,145.74
ii)	Claims decreed by lower courts, but being contested in higher Courts	2,232.99	1,064.56
III)	Other Legal Cases	106,737.00	106,737.00

Note: The amounts indicated at 16.2 above are excluding Solatium, Additional Market Value and Interest.

16.3 A total amount of Rs. 7,303.21 lakhs demanded by the Income Tax Department for A.Y 2006-07(Rs.5,865.96 lakhs) and 2011-12(Rs.1,437.25 Lakhs) towards Income Tax and Fringe Benefit Tax was not taken into books of accounts and accordingly no provision was made as the cases are pending with the authorities of Income Tax Department.

16.4 A total amount of Rs. 247.05 lakhs was demanded by the Central Excise and customs Department for various financial years towards Service Tax payable. The same not taken into books of accounts and accordingly no provision was made as the cases are pending.

16.5 **Bank Guarantee:**

The Corporation has given guarantee for an amount of Rs. 929.00 lakhs on behalf of Andhra Pradesh Gas Infrastructure Corporation Pvt. Ltd., (Previous year Rs. 949.00 lakhs) for which collateral security as Fixed deposit for the same amount is held.

17 **REVENUE FROM OPERATIONS**

	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
Sale of Land, Houses, etc...	117512.76	31946.06
Interest on Hire Purchase and ORS	169.01	335.94
Rental Demands	1583.73	1616.01
Water Demands	1878.61	1479.56
Other Operating Revenue	230.64	348.44
TOTAL	121374.75	35726.01

18 **OTHER INCOME**

Interest on Advances to Staff	8.65	16.60
Interest on Other Loans and Advances	243.46	243.46
Interest on Fixed Deposits	1030.78	1655.45
Interest on Debentures	314.62	318.28
Interest on Rental & Water charges Arrears	103.40	75.64
Dividend Receipt	290.87	1665.45
Penalty and Surcharges	1507.23	781.73
Miscellaneous Receipts	384.10	938.82
Local Authority income	181.38	127.52
Sale of Solar Power	245.35	209.53
Provisions written back	0.08	27.06
TOTAL	4309.92	6059.54

EXPENDITURE	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
19 COST OF SALES		
Cost of sales - Land	115783.67	31073.81
Cost of sales - Houses	0.62	0.91
Cost of sales - Sheds	0.21	3.71
Total	115784.50	31078.43
20 EMPLOYEE BENEFITS EXPENSE		
Salaries and Allowances	3330.40	3361.17
Contribution towards Provident and other Funds	293.07	279.52
Contribution to Group Gratuity Premium	116.56	155.92
Staff Welfare Expenses	138.50	194.29
Sub total	3878.53	3990.90
Less: Expenditure Capitalised / transferred to other heads	1060.89	1609.71
Sub - Total	1060.89	1609.71
TOTAL	2817.64	2381.19
20.1 Managerial Remuneration	For the year 2013-14 Rs. in lakhs	For the year 2012-13 Rs. in lakhs
Vice Chairman & Managing Director		
Salaries and Allowances	19.88	15.45
Medical Expenses	0.00	1.19
Rent	0.01	0.01
21 OTHER EXPENSES	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
(a) REPAIRS AND MAINTENANCE EXPENSES		
Computers	4.18	4.44
Pumpsets	1.17	0.43
Electrification	0.82	2.66
Office Equipment	7.25	8.98
Refrigerators, Acs and Air Coolers	0.87	1.87
Vehicles	3.49	0.00
Furniture and Fixtures	0.14	0.00
Others	0.96	1.21
Electric Equipment	0.48	0.45
Sub - Total	19.36	20.04
Less: Expenditure Capitalised	6.57	4.15
Sub - Total	12.79	15.89
(b) ADMINISTRATION & GENERAL EXPENSES		
Travelling Expenses	157.61	135.68
Rent	17.22	16.44
Rates and taxes	7.57	6.12
Vehicle maintenance	301.87	285.86
Electricity charges	72.89	49.70
Water charges	1040.79	808.17
Repairs and maintenance - Estates	150.52	118.83
Insurance	0.64	1.24

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED, HYDERABAD

Other expenses	694.67	1447.6
Corporate Social Responsibility	200	325.18
Provision for diminution of investments	0	75.33
Total Expenditure before Capitalisation	2643.78	3270.15
Less: Expenditure Capitalised	318.59	463.97
Sub - Total	2325.19	2806.18
(C) Administration charges on Deposit works		
Administration charges on Deposit Works	451.02	629.33
Sub - Total	451.02	629.33
(d) Expenditure on ERP and others		
ERP Expenditure and others	69.74	91.32
Sub - Total	69.74	91.32
(e) PRIOR PERIOD ITEMS (Net)		
Revenue from operations	(545.36)	796.99
Other Income	(137.85)	(244.21)
Cost of sales	0.00	(3.13)
Employee benefit expenses	(296.54)	0.00
Repairs and Maintenance	0.00	0.00
Administrative and General Expenses	106.02	223.33
Others	0.47	6.6
Sub - Total	(873.26)	(779.58)
TOTAL	1985.48	4322.3

Other Administrative expenses includes the following auditors' remuneration:

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
Service Tax thereon	0.57	0.57
Total	5.57	5.57

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

23 The company proposed for levy of penal charges of Rs. 1.82 Crores before 2013-14 for non payment of debenture interest for which the CBD Towers has requested for waiver of the same as part of the restructuring proposal. The restructuring proposal submitted by CBD Towers is under consideration of the company. The same was not recognised in the accounts for the year as per AS - 9 Revenue Recognition in view of the uncertainty in the ultimate collection.

24 Long term borrowings are in substance guarantee by the company to RINL, NTPC and OBC on behalf of VIWSCO and Govt. of AP there are no net cash flows in this regard and accordingly the cash flows from the financing activities in the cash flow statement are considered as NIL.

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

AS PER OUR REPORT OF EVEN DATE

for JAWAHAR AND ASSOCIATES

CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
V UMAPATHI
PARTNER
M.NO: 21887

Sd/-
K V SATYANARAYANA, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
ANDHRA DIVISION

Sd/-
K PRADEEP CHANDRA, IAS
DIRECTOR

DATE: 27.09.2014
PLACE: HYDERABAD

Sd/-
Dr. P KRISHNAIAH, IAS,(Retd.,)
CHAIRMAN

Sd/-
M SIVA REDDY
COMPANY SECRETARY

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Cash Flow Statement for the year ended 31st March, 2014

(Rupees in Lakhs)

Particulars	Current Year	Previous Year
Cash flows from operating activities		
Net profit before taxation and exceptional / extra ordinary Items	4718.69	3703.06
Adjustments for:		
Depreciation and amortization	378.36	300.57
Dividend Income	(290.87)	(1665.45)
Profit / loss on sale of fixed assets	0.13	0.50
Operating profit before working capital changes	4806.31	2338.68
Adjustments for:		
Inventories	357255.99	8700.31
Trade receivables	(1775.39)	(965.24)
Other current and non current assets	(6905.42)	4872.60
Loans and advances	(189974.39)	(4490.80)
Payables, liabilities and provisions	(160909.81)	(19814.31)
Cash generated before prior period items	2497.29	(9358.76)
Net Cash Flow from operating activity before Income tax	2497.29	(9358.76)
Income tax paid	(805.73)	(848.09)
Net Cash from operating activities	1691.56	(10206.85)
Cash flows from investing activities		
Purchase of fixed assets	(191.58)	(51.46)
Purchase of investments	(2.00)	(235.06)
Dividend income	290.87	1665.45
Sale of fixed assets	0.02	0.15
Net cash from investing activities	97.31	1379.08
Net increase in cash and cash equivalents	1788.87	(8827.77)
Cash and cash equivalents at the beginning of the year	17587.03	26414.80
Cash and cash equivalents at the end of the year	19375.90	17587.03
This is the Cash flow statement referred to in our report even date		

AS PER OUR REPORT OF EVEN DATE
for JAWAHAR AND ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
V UMAPATHI
PARTNER
M.NO: 21887
FIRM REG. NO.: 001281S

Sd/-
K V SATYANARAYANA, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
ANDHRA DIVISION

Sd/-
K PRADEEP CHANDRA, IAS
DIRECTOR

Sd/-
Dr. P KRISHNAIAH, IAS,(Retd.)
CHAIRMAN

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

DATE : 27.09.2014
PLACE: HYDERABAD

Independent Auditor's Report

To the Members of
Andhra Pradesh Industrial Infrastructure Corporation Limited.
Hyderabad.

Report on the Financial Statements

We have audited the accompanying financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited., which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the Accounting Standards notified under the Companies Act, 1956("the Act") read with the General Circular 15/2013 dated 13 September 2013, of the Ministry of Corporate Affairs ,in respect of Section 133 of the Companies Act,2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion:

1) Equity Share Capital (Please Refer Note 2 of Financial statements):

The issued, subscribed and paid up capital of the company is Rs. 16,32,75,000 divided into 1,63,275 number of equity shares of Rs. 1000 each fully paid up. As per information made available to us the investments in the books of Government of Andhra Pradesh stands at Rs. 27.41 crores this needs reconciliation.

2) Reserves and Surplus : Capital Reserve

Receipt of Rs. 13 crores from Government of Andhra Pradesh as share capital vide GO. Numbers 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999, 224 dated 28.05.2002 pending for many years classified as capital reserve. In our opinion, this needs to to be classified as share application pending allotment.

3) Income Recognition as per Accounting Standard 9(refer Accounting Policy No. 3):

As per Accounting Standard 9, the income needs to be recognized as and when the risks and rewards are passed on to the buyer. However, the Corporation is adopting a policy of recognizing the income when the sale deed is entered regardless of the agreement entered with the allottee.

This treatment is in contravention of AS 9. As on 31/03/2014 an amount of Rs. 4223.36 crores is shown in the books as liability towards “Deposits received from Allottees”. In addition to the above, an amount of Rs. 285.60 crores is towards initial deposit (EMD) pending issue of allotment letters to the applicants.

We are not in a position to quantify the exact quantum of understatement of sales due to non furnishing of information..

The adoption of recognition of income on receipt of full consideration will amount to recognition of income on cash basis. Further no entries are being passed on accrual basis immediately on issue/release of sanction letters by the corporation and consent by the applicants .

4) Treatment of transactions pertaining to Industrial Area Local Authority(Refer to Note 18.1 of the Financial Statements):

In our opinion, the transactions of IALA's and the impact there of on Assets and Liabilities and Profit /Loss thereof should be brought to the books of accounts and by not clubbing/consolidating the impact of these transactions:

- a) The Assets and Liabilities of the Corporation have been understated
- b) The impact of the profit/loss on account of these transactions has not been brought to books of accounts.
- c) Cash Flows are understated.

We are not in a position to quantify the impact on Assets and Liabilities and Profit/Loss due to failure on the part of the management to provide the necessary information.

5) Administrative Buildings:

The administrative buildings situated in the zonal offices have not been treated as Fixed Assets and not calculated the depreciation as per Companies Act , 1956. Further we were informed they were included in the Inventory. We are not in a position to quantify the impact of the same on the Profit And Loss Account and the understatement of Fixed assets – Buildings and overstatement of Inventory due to non-availability of information by the management.

6) Loans and advances to related parties : Rs.195.55crores (Refer note No.10)

The amount of Rs.195.55crores advance given to Vishakapatnam Industrial Water Supply Company (VIWSCO) has not been grouped under Loans and advances to related parties resulting in understatement of Loans and advances to related parties and overstatement of Other Loans and Advances .

7) Inventory (Refer Note 11.3)

As per the information and explanation given to us there is no proper system in place with regard to reconciliation of closing stock as per physical verification and book stock. In the light of the above, we are not in a position to comment on the valuation of the inventory. Further it is observed that the closing stock of Rs 3,003.82 crores consists of a negative stock of Rs.154.91crores. For the past few years the same note is being continued without any review and reconciliation.

8) Provision for Contractual Obligations (Refer Note 7.5 and accounting policy 3.1)

During the year the corporation has made a short term provision of Rs.60.11 cr for the pending works proposed to be completed making the total provision as Rs.482.71.6cr. It appears that no proper review has been made and we are not in a position to comment whether the provision during the year is adequate or inadequate.

9) Conversion Charges(Refer Note 6.5)

As per the information and explanation given to us, the corporation has created a liability to the tune of Rs.298.51crores as conversion charges payable by various Industrial estates .Out of the above said liability only Rs 9.25crores have been included in the cost of sales during the year under consideration leaving the balance in the stock in trade – Land. The company has failed to identify the quantum of amount that is chargeable to sales pertaining to previous years and should disclose such amount as Prior period expenditure.

10) Provision for Bad and Doubtful Debts :

We are not in a position to comment upon the adequacy or inadequacy of the provision for bad and doubtful debts.

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required subject to above comments mentioned under qualified opinion. and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Corporation as at March 31, 2014;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
- c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Emphasis of Matter

Non Confirmation (Refer Note 15.2 and 6):

(1) Attention is drawn to the Note No 15.2 wherein the corporation has confirmed the balances of sundry debtors , Loans and Advances and are yet to be reconciled with respective parties. Similarly Trade payables , Loans and advances shown under Note 6 are yet to be confirmed and reconciled.

(2) Interest income and Interest Expenditure not bought to the books of accounts.

(Please refer to Note No.4a)

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Corporation so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss and cash flow statement, with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and cash flow statement comply with the Accounting Standards notified under the ACT read with the General Circular 15/2013 dated 13 September 2013, of the Ministry of Corporate Affairs ,in respect of Section 133 of the Companies Act,2013 except AS -2: Valuation of inventories and AS 9 Revenue recognition.
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Jawahar And Associates
Chartered Accountants
FRN: 001281S
Sd/-
V.Umapathi
Partner, M.No.21887

Place : Hyderabad
Date : 27th September 2014

Annexure to the Auditor's Report

(Referred to in paragraph 3 of our report of even date)

- (I) (a) The Corporation has not maintained proper records showing full particulars Including quantitative details and situation of fixed assets.
- (b) There is no document evidencing that the assets have been physically verified by the management during the year and in our opinion there is no regular programme of verification which is reasonable having regard to the size of the Corporation and the nature of its assets. Since there is no verification, we are not in a position to comment upon the treatment of material discrepancies, if any. So as to effect its going concern status.
- (c) As per the information and explanation given to us during the year, the Corporation has not disposed off any substantial part of the fixed assets.
- (ii) (a) There is no document evidencing that the physical verification of Inventories was carried out periodically by the management during the year.
- (b) As per the information and explanation given to us there is no physical verification procedure in place and hence we are not in a position to comment upon the adequacy or inadequacy of procedures in relation to the size of the Corporation and nature of business.
- (c) As per the information and explanations given to us, the Corporation's Asset Management is maintaining records pertaining to quantitative data and Finance Department is also maintaining records of inventory with valuation and no reconciliation is appeared to have been done on a periodical basis. Since there is no physical verification of inventory being carried out, we are not in a position to comment upon the treatment of discrepancies, if any.
- (iii) (a) The Corporation has given unsecured advances to the following Subsidiaries, who are covered in the Register to be maintained Under Section 301 of the Companies Act, 1956 for the year and outstanding balances are as under:

Sl No	Party and Relation	Maximum Amount Involved Rs.	Balance as at 31-03-2014 Rs.
	Long Term Loans and Advances		
1.	Vishakapatnam water Supply Company – Loan to Joint Venture	2,32,00,00,000	2,32,00,00,000
2.	Fab City SPV (India) Pvt Limited – Advance to 89% Subsidiary Company	14,33,68,409	14,33,68,409
3.	Vishakapatnam water Supply Company – Funded Interest Loan to Joint Venture	122,23,19,000	122,23,19,000
4.	Krishnapatnam International Leather Corporation – Advance to 51% Subsidiary Company	22,14,390	22,14,390
5.	CBD Towers Private Limited – Advance to Associate Company	44,91,87,822	44,91,87,822
6.	Vishakapatnam Industrial Water Supply Company – Interest	8,46,55,031	8,46,55,031
	Short Term Loans and Advances:		
7.	Vishakapatnam Industrial Water Supply Company – Unsecured Advance to Joint Venture	24,34,64,380	24,34,64,380
8.	Maheshwaram Science Park Limited- Advance to wholly owned Subsidiary	15,00,25,820	15,00,25,820
9.	E-City manufacturing Cluster Limited – Advance to wholly owned Subsidiary	15,00,26,820	15,00,25,820

- (b) As per the information and explanations given to us all the above advances except 6 and 7 are interest free advances are to either subsidiary companies or Joint ventures or Associates companies and there is no repayment schedule. As per the information and explanations given to us, pending approval of the restructuring plan submitted by VIWSCO , in our opinion the repayment of installments is overdue.
- (c) As per the information and explanations given to us, the terms of arrangement do not stipulate any repayment schedule .With regard to serial no 1 to 6. In respect of VIWSCO loan as per the books of accounts, the repayment of installment for the year 2012-13 and 2013-14 were due and due to non reconciliation no entries were passed hence We are not in a position to comment on overdue amount.
- (d) During the year the Corporation has not obtained any loans, secured or unsecured from companies, parties who are covered in the Register to be maintained Under Section 301 of the Companies Act, 1956 for the year. Hence clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Corporation and the nature of its business with regard to purchases of inventory, fixed assets and sales. During the course of our audit, we observe that there is no continuous failure to correct major weakness in the internal control system.
- (v) As per the information and explanations given to us ,there are no transactions that have been entered with the parties covered under section 301. Since there are no such contracts or arrangements that have been entered clause (b) is not applicable.
- (vi) According to information and explanations given to us, the Corporation has not accepted deposits from public as per provisions of section 58A and 58AA or any other relevant provisions of the Corporation's Act, 1956.
- (vii) As per the information and explanations given by the management the Corporation is having both in-house and outsourced internal audit system represented by GMK Associates, Chartered Accountants Hyderabad. In our opinion the periodicity of the Internal Audit is inadequate with regard to the nature and size of the business. Similarly the corporation has to take a decision whether they should either go in for a total in-house internal audit or outsource it completely. Further the quality of the reporting needs to be improved. In our opinion the internal audit should also cover other departments in addition to Finance and reportable to Board level to make it as an independent unit.
- (viii) As per the section 209(1) (d) of the Companies Act, 1956 read with Companies (Cost Accounting Records) Rules, 2013, the maintenance of cost records for the financial year 2013-14 is not compulsory since they have become effective from the financial year commencing from 01/04/2014.
- (ix) (a) The Corporation is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, Cess and other statutory dues applicable to it, though there are certain delays in respect of certain zones in respect of VAT and conversion charges.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31/03/2012 for a period of more than six months from the date they became payable except Conversion Charges amounting to Rs.298.51crores and VAT payable amounting to RS. 24 Lakhs.
- (c) According to the information and explanation given to us, the following are the dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of dispute.

Name of the Statute	Nature of the Dues	Amount(Rs. In Crores)	Assessment Year	Forum where the dispute is pending
Income Tax Act , 1961	Income Tax	58.43	2006-07	Commissioner (Appeals)
Income Tax Act , 1961	Fringe Benefit Tax	0.23	2006-07	Commissioner (Appeals)
Income Tax Act , 1961	Income Tax	14.38	2011-12	Commissioner (Appeals)
Finance Act , 1994	Service Tax	2.47	Different Periods	Commissioner (Appeals)/ CESTAT

- (x) As per the information and explanations given us, the net worth of the Corporation is positive. The Corporation has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Corporation has not borrowed any monies for its own use and hence the question of irregularity does not arise.
- (xii) In our opinion, according to information and explanation given, the Corporation has not granted any loans and advances to others on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Corporation is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Corporation.
- (xiv) In our opinion, the Corporation is not dealing in or trading in shares, securities, debentures and any other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Corporation.
- (xv) As per the information and explanations given by the management the corporation has given a guarantee of Rs.9.29 cr (Previous Year Rs.9.29 cr)to its subsidiary. In our opinion the terms and conditions of the guarantees are not prejudicial to the interests of the Corporation.
- (xvi) According to the information and explanations given to us the Corporation has not availed any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Corporation, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, during the year the Corporation has not issued any shares on preferential allotment.
- (xix) According to information's and explanations given to us, during the period covered by our audit, the Corporation had not issued any debentures.
- (xx) According to information's and explanations given to us, the Corporation has not raised any money through public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the Corporation has been noticed or reported during the course of our audit.

For JAWAHAR AND ASSOCIATES

Chartered Accountants

FRN: 001281S

Sd/-

V. Umapathi

Partner

M.No: 21887

Place : Hyderabad

Date : 27th September 2014

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Consolidated Balance Sheet as at 31st March 2014

(` in lakhs)

	Particulars	Note No.	Figures as at the end of current year 2013-14	Figures as at the end of previous year 2012-13
	EQUITY AND LIABILITIES			
(1)	Shareholder's funds			
a	Share Capital	2	1632.75	1632.75
b	Reserves and Surplus	3	60828.10	49014.34
	Shareholder's funds - Total		62460.85	50647.09
(2)	Minority Interest	4	1817.90	2013.80
(3)	Non-Current liabilities			
a	Long term borrowings	4.1	34197.95	15956.48
b	Deferred tax liabilities (Net)	4.2	717.33	575.19
c	Other Long term liabilities	4.3	116821.93	190172.14
d	Long-term provisions	4.4	1221.61	1269.91
	Non-current liabilities - Total		152958.82	207973.72
(4)	Current liabilities			
a	Trade payables	5	3289.44	2616.12
b	Other current liabilities	6	488669.69	613257.51
c	Short-term provisions	7	50079.61	45878.96
	Current liabilities - Total		542038.74	661752.59
	Total Equity and Liabilities		759276.32	922387.20
II	ASSETS			
(1)	Non -Current Assets			
a	Fixed Assets			
	(I) Tangible Assets	8.1.3	74787.95	75329.26
	(ii) Capital W-I-P	8.1.4	5627.95	1404.04
b	Non-current investments	9	35480.15	27388.79
c	Long-term loans and advances	10	220594.29	52898.11
d	other Non Current Assets	11	14982.61	9355.58
e	Non-current Assets - Total		351472.94	166375.78
(2)	Current Assets			
a	Inventories	12	351365.84	708621.30
b	Trade receivables	13	9116.47	5403.49
c	Cash and cash equivalents	14	28109.01	24722.24
d	Short-term loans and advances	15	1089.44	1494.90
e	Other current assets	16	18122.61	15769.49
	Current Assets - Total		407803.37	756011.42
(3)	Accounting Policies	1		
	Total Assets		759276.32	922387.20

AS PER OUR REPORT OF EVEN DATE
for JAWAHAR AND ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
V UMAPATHI
PARTNER
M.NO: 21887
FIRM REG. NO.: 001281S

Sd/-
K V SATYANARAYANA, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
ANDHRA DIVISION

Sd/-
K PRADEEP CHANDRA, IAS
DIRECTOR

DATE: 27.09.2014
PLACE: Hyderabad

Sd/-
Dr. P KRISHNAIAH, IAS,(Retd.),
CHAIRMAN

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Consolidated Profit and Loss statement for the year ended 31st March 2014

(in lakhs)

	Particulars	Note No.	Current Year	Previous Year
I	Revenue from operations	18	126489.51	40796.82
II	Other Income	19	12481.32	5567.77
III	Total Revenue (I + II)		138970.83	46364.59
IV	Expenses			
a	Cost of Sales	20	116842.39	31438.22
b	Employee Benefits expense	21	2829.6	2414.41
c	Depreciation and amortization expense		1470.00	1390.51
d	Financial Cost		1386.31	1634.14
e	Other expenses	22	4358.82	6369.04
	Total Expenses		126887.12	43246.31
V	Profit before Exceptional and Extraordinary items and tax (III - IV)		12083.71	3118.28
VI	Exceptional items		0.00	0.00
VII	Profit before extraordinary items and tax (V-VI)		12083.71	3118.28
VIII	Extraordinary items		0.00	0.00
IX	Profit before tax (VII - VIII)		12083.71	3118.28
X	Tax expense:		0.00	0.00
	(1) Current Tax - Current Year		1049.54	792.48
	- Previous Years		565.01	251.62
	(2) Differed Tax - Current Year		143.54	435.35
	(3) MAT Credit		0.00	(479.95)
XI	Profit (Loss) for the period (IX - X)		10325.62	2118.78
XII	Earning per equity share (in Rupees):			
	(Basic & Diluted)		6324.07	1297.68
	(Face value of Rs.1000 per Share)			

AS PER OUR REPORT OF EVEN DATE
for JAWAHAR AND ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
V UMAPATHI
PARTNER
M.NO: 21887
FIRM REG. NO.: 001281S

Sd/-
K V SATYANARAYANA, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
ANDHRA DIVISION

Sd/-
K PRADEEP CHANDRA, IAS
DIRECTOR

DATE: 27.09.2014
PLACE: HYDERABAD

Sd/-
Dr. P KRISHNAIAH, IAS,(Retd.)
CHAIRMAN

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
ACCOUNTING POLICIES FOR CONSOLIDATION FINANCIAL STATEMENTS**1. Basis of Accounting**

1.1 The Consolidated Financial Statements of the Company have been prepared based on Historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP) and provisions of the Companies Act 1956, as adopted consistently by the Company. The company follows the mercantile system of accounting.

2 Estimates

2.1 The preparation of Consolidated Financial Statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of consolidated Financial Statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, employee retirement benefit plan, provision for gratuity etc.

3 Revenue Recognition

3.1 Profit/Loss is recognized on allotment and transfer of sheds, land, houses on outright sale or hire-purchase and the difference between sale price and cost price of the assets sold is taken to Profit & Loss Account, where ever the developmental works are completed substantially.

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

3.3 In respect of deposit works undertaken, Centage Charges are recognised as income based on percentage of work completion.

4 VALUATION OF INVENTORIES

4.1 Inventories such as land, HP stock, construction material, stock in trade at IPs/IDAs, housing stock, and work in progress are valued at cost

5 Fixed Assets

5.1 Fixed assets are accounted on historical cost and are shown net of accumulated depreciation. 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.

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

5.3 Any profit/loss on sale, discard /disposal of an asset is charged to profit & loss account in that year.

5.4 Self constructed assets / addition to assets are taken into account after receiving the certification from the competent authority.

5.5 In case of purchase / addition of assests whose value is less than Rs.5000/- are charged to Profit & Loss Account.

6 DEPRECIATION

6.1 Depreciation on assets is charged on Straight Line method at the rates prescribed in schedule XIV of Companies Act, 1956.

6.2 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.

7 INVESTMENTS

7.1 All the long-term investments (unquoted) are stated at cost of acquisition. Cost of the investment includes all direct cost incurred for acquisition of investments such as purchase price (Land transferred or Cash), brokerage, commission, stamp duty etc.

8 EMPLOYEE BENEFITS**8.1 PROVIDENT FUND:**

Company's contribution to the Provident Fund is deposited with the Trust formed by the Company under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 and which is recognized by the Income Tax authorities. Such contributions are charged to Profit & Loss account each year.

Employees' Provident Fund & Miscellaneous Provisions Act, 1952 and which is recognized by the Income Tax authorities. Such contributions are charged to Profit & Loss account each year.

8.2 GRATUITY:

The Group Gratuity for the employees of the Company is covered under a policy taken from Life Insurance Corporation of India. The premium paid is charged off in the accounts. The amounts paid in certain cases in excess of amounts reimbursed by LIC are also charged off in the accounts.

8.3 LEAVE ENCASHMENT:

In respect of Leave Salary payable to employees on retirement, provision is made in the accounts based on salary drawn at the end of the year.

No provision of Leave Salary contribution, Pension contribution and Gratuity is made in respect of employees working on deputation. The amount paid for the year is charged off to revenue during the year of payment. Provision for probable leave salary payable for next twelve months is shown under short term provisions and the balance provision is shown under long term provisions.

9 PROVISION FOR BAD AND DOUBTFUL DEBTS

Provision for bad and doubtful debts is made @ 100% on Interest receivable on account of Rentals, Penal interest on Hire purchase, water charges etc and 100% of sundry debtors in respect of water, rentals, deposit works exceeding more than 3 years.

10 PROJECT GRANTS:

Grants received for execution/development of projects (Growth Centers etc.) are adjusted against the expenditure incurred on projects concerned and the balance is shown under the Other Liabilities and grouped under Other Long term liabilities.

11 CONTINGENT LIABILITIES:

Contingent liabilities not provided for are indicated by way of notes to accounts.

12 TREATMENT OF EXPENDITURE DURING CONSTRUCTION/DEVELOPMENT PERIOD:

The civil works expenditure during construction period is treated as Works in progress. Like-wise, the administrative expenditure on engineering personnel/officers of the Company engaged on civil works is treated as works in progress. On completion of works and on receipt of completion reports, the works are capitalised or taken as current assets of the Company.

13 MISCELLANEOUS:

The liability on account of leave travel facilities available to the employees, liability towards electricity and water charges for which bills are not received and property tax etc., leviable on land and sheds for which assessments are not completed, will be provided on payment basis.

14 TAXES ON INCOME:

Provision for Current Tax is made on the basis of taxable profits computed for the current accounting period (reporting period) in accordance with the provisions of the Income Tax Act, 1961.

Provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted or substantially enacted tax rates.

NOTES TO ACCOUNTS

BALANCE SHEET:

	(Rs.in lakhs) As at 31-3-2014	(Rs.in lakhs) As at 31-3-2013
2 SHARE CAPITAL		
2.1 Authorised Capital 2,00,000 equity shares of Rs. 1000 each	2000.00	2000.00
2.2 Issued,Subscribed and Paid up Capital 1,63,275 equity shares of Rs. 1000 each	1632.75	1632.75
TOTAL	1632.75	1632.75
2.3 Details of Shareholders holding more than 5% (percent) shares in the Company:		
	As at 31st March 2014	As at 31st March 2013
	No. of shares % of holding	No. of shares % of holding
Government of Andhra Pradesh including its nominees	163275 100%	163275 100%
2.4 The Company has only one class of shares i.e. equity shares ranking parri passu with all respects including entitlement of dividend, voting and repayment of capital. Each equity share carries one vote.		
3 RESERVES AND SURPLUS	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
Capital Reserve	1300.00	0.00
sub-total	1300.00	0.00
Profit and Loss Account		
As per last Balance Sheet	49014.34	46904.13
Add: Profit/ Loss for the year	10325.62	2118.78
Add: Previous Year Consolidation Adjustment *	32.47	0.00
Less: Minority Share	(155.68)	8.57
sub-total	59528.10	49014.34
TOTAL	60828.10	49014.34
* During the process of consolidation of accounts for previous year, Provisional Financial Statements considered. The difference in the previous year figures arise consequent to adoption of audited figures is adjusted in the current year as adjustments relating to prior period.		
4 MINORITY INTEREST		
a) APGIC	1744.35	1960.00
b) Krishna Patnam	59.26	5.35
c) Fab City Spv (India) Pvt. Ltd.,	14.29	48.45
TOTAL	1817.90	2013.80

NON-CURRENT LIABILITIES:

4.1 LONG TERM BORROWINGS

Loan from RINL	16,800.08	11,368.04
Loan from NTPC	3,500.00	0.00
To Interest accrued & not due thereon(Payable from 2022-23)	11,468.54	4,588.44
Loan from oriental bank of Commerce	2,429.33	0.00
TOTAL	34197.95	15956.48

4(a) Loan from NTPC and RINL:

An amount of Rs. 35,000.00 lakhs was borrowed from RINL, NTPC and GVMC for Visakhapatnam Industrial Water Supply Company(VIWSCO - Joint venture of APIIC and GVMC) to implement Godavari Water supply project during the F.Y. 2003-04. The loan was utilised by VIWSCO for implementation of Godavari water supply project. The company entered bipartite agreements with NTPC, RINL, GVMC and VIWSCO for drawal, disbursement and servicing of the loan and also entered tripartite agreements with RINL, NTPC, GVMC and VIWSCO and created first charge on the assets of the Godavari Water supply project of VIWSCO to RINL, NTPC and GVMC. The principal and interest (including penal interest) thereon is guaranteed by Government of Andhra Pradesh.

As per the terms and conditions of the agreement, the loan is repayable in seven equal annual instalments after moratorium period of 6 years from the year of 1st drawl which is 2003-04. The rate of interest is 10% per annum and the penal interest is 2% per annum in case of defaults. The 1st instalment was drawn during the F.Y. 2003-04.

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 31.03.2020 is payable in five equal yearly instalments commencing from 2022-23, vi) Funded interest and deferred yearly interest will not carry any interest. The company is yet to consider restructuring plan.

VIWSCO is directly servicing the loan to RINL and NTPC from time to time and no entries are passed in the books of accounts for servicing of interest as it has no impact on the Profit and Loss account. The figures adopted are from the annual accounts of VIWSCO for the F.Y 2013-14 by making necessary entries in the books of accounts during the year and therefore previous year's including accrued interest figures (Rs. 36,552.35 lakhs) are shown as NIL. the loans from RINL and NTPC includes accrued interest repayable from 2022-23. Hence, the balances are subject to reconciliation.

4(b) Loan from oriental bank of Commerce:

An amount of Rs. 12077.30 lakhs was borrowed from Oriental Bank of Commerce, Hyderabad for land acquisition of Rajiv Gandhi International Airport, Shamshabad, Hyderabad. The Government of Andhra Pradesh provided guarantee for servicing of the principal and interest thereon and took obligation to service the loan from time to time and is making necessary budgetary provisions. The loan payable is fifty quarterly instalments in ten years and carry 7.25% fixed rate of interest. Penal interest is 2% incase of default. Balance instalments payable are fourteen. The amount due from Government in this regard is shown under Other Long Term Loans and Advances.

	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
4.1 DEFERRED TAX LIABILITIES (NET)		
As per Accounting Standard (AS -22) on accounting for Taxes on income of the Companies (Accounting Standards) Rules 2006, the deferred tax liability as on 31st March comprises of the following:		
Deferred Tax Liability related to fixed assets	1081.20	741.57
Less Deferred Tax Asset relating to Payments u/s 43B of IT Act	<u>363.87</u>	<u>166.38</u>
Net Deferred Tax Liability (Asset)	<u>717.33</u>	<u>575.19</u>
 4.2 OTHER LONG TERM LIABILITIES		
	(Rs. in Lakhs)	(Rs. in Lakhs)
Funds for incubation centers etc.	9979.70	5241.50
Due to GoAP - Land Alienated	<u>0.00</u>	<u>138727.54</u>
sub-total	<u>9979.70</u>	<u>143969.04</u>
Other liabilities	106842.23	46203.10
sub-total	<u>106842.23</u>	<u>46203.10</u>
TOTAL	<u>116821.93</u>	<u>190172.14</u>

4.3 Long Term Provisions:

Provision for leave Benefits

As per the last balance sheet	1269.91	917.32
Add: Additions during the year	1221.61	1269.91
Less: Payments/adjustments during year	1269.91	917.32
TOTAL	1221.61	1269.91

5 TRADE PAYABLES

Trade Payables	3289.44	2616.12
TOTAL	3289.44	2616.12

6 OTHER CURRENT LIABILITIES

Current maturity of long term Debt	4300.97	1862.65
Deposits received from allottees	454305.70	576736.12
Other Current Liabilities	29033.30	34444.70
Interest accrued and due on borrowings (Secured)	0.00	214.04
Interest accrued and due on borrowings (Un Secured)	754.65	0.00
Capital Work in Progress	275.07	0.00
TOTAL	488669.69	613257.51

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

The Government of India formulated a scheme namely "Assistance to States For Developing Export Infrastructure & Allied Activities (ASIDE)" for involvement of States in export efforts. Under this scheme, funds to the State are directly disbursed to State Level Nodal Agency by Government of India. In this process an amount of Rs.1727.84 lakhs (Previous year Rs.275.00 lakhs) was released by Government of India during the year.

6.2 Industrial Infrastructure Development Fund (IIDF):

Government of Andhra Pradesh created a fund called IIDF for taking up infrastructure works wherever there is no provision to take up such works under regular budget. Under this Scheme, an amount of Rs.250.00 Lakhs (Previous year Rs. 249.99 lakhs) was received during the year.

6.3 Construction of Incubation Centres:

Government of Andhra Pradesh released an amount of Rs. 4753.74 lakhs (Previous Year Rs. 5200.00 lakhs) during the year towards construction of IT incubation centres in Tirupati, Warangal, Visakhapatnam and Kakinada.

6.4 Deposit Works:

The Company has been executing civil works on behalf of various departments of State and Central Governments. These works which are in various stages of completion are in possession of the Company and they are to be handed over to the respective Departments after their completion. The amount excess spent/balance advance outstanding are shown in Sundry debtors/Deposits - Other Liabilities depending on their nature.

6.5 Sundry Creditors and other deposits are subject to confirmation.

	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
7 SHORT-TERM PROVISIONS		
7.1 (a) PROVISION FOR EMPLOYEE BENEFITS (Ref Note No. 4.3 and 20)		
Provision for Gratuity		
As per the last balance sheet	391.28	274.15
Add: Additions during the year	0.00	117.13
Less: Payments/adjustments during year	391.28	0.00
	0.00	391.28
7.2 Provision for leave Benefits		
As per the last balance sheet	190.49	550.00
Add: Additions during the year	222.45	190.49
Less: Payments/adjustments during year	190.49	550.00
	222.45	190.49
7.3 Provision for Bonus		
As per the last balance sheet	0.00	0.10
Add: Additions during the year	0.00	0.02
Less: Payments/adjustments during year	0.00	0.12
	0.00	0.00

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7.4 Provision for PS charges		
As per the last balance sheet	193.84	207.18
Add: Additions during the year	678.50	229.30
Less: Payments/adjustments during year	456.08	242.64
	<u>416.26</u>	<u>193.84</u>
7.5 Provision for Contractual Obligations		
As per the last balance sheet	42260.42	34446.82
Add: Additions during the year	6011.29	7813.60
Less: Payments/adjustments during year	0.00	0.00
	<u>48271.71</u>	<u>42260.42</u>
7.6 Provision for taxation		
As per the last balance sheet	2840.44	2099.07
Add: Additions during the year	1571.09	741.37
Less: Payments/adjustments during year	3404.03	0.00
	<u>1007.5</u>	<u>2840.44</u>
7.7 Other Provisions	161.69	2.49
TOTAL	<u>50079.61</u>	<u>45878.96</u>

8. NON-CURRENT ASSETS

8.1 TANGIBLE ASSETS

8.1.1 GROSS BLOCK AT COST

PARTICULARS	(Rs. in Lakhs)			
	Cost as at 31st March, 2013	Additions during the year	Deductions during the year	Upto 31st March, 2014
LAND including Land Development	998.90	0.00	0.00	998.9
BUILDINGS	338.96	0.00	0.00	338.96
REFRIGERATORS, Acs AND AIR COOLERS	20.12	1.03	1.60	19.55
FURNITURE AND FIXTURES	127.34	5.67	14.44	118.56
OFFICE EQUIPMENT	162.58	13.66	17.72	158.52
VEHICLES	108.56	164.24	0.00	272.80
ELECTRICAL EQUIPMENT	33.46	3.17	1.91	34.72
DRAWING EQUIPMENT	2.14	0.00	0.00	2.14
COMPUTER	455.18	10.23	161.29	304.12
QUALITY CONTROL EQUIPMENT	5.42	0.00	0.00	5.42
LAND - SEZ	51015.05	1898.72	0.00	52913.77
LAND DEVELOPMENT - SEZ	3583.26	830.17	4179.90	233.53
BUILDING - SEZ	6.12	0.00	0.00	6.12
WATER SUPPLY - SEZ	767.09	0.00	0.00	767.09
SEWERAGE - SEZ	155.83	981.33	0.00	1137.16
EXTERNAL ELECTRIFICATION - SEZ	132.99	124.18	0.00	257.17
ROADS AND BRIDGES - SEZ	5388.27	1182.32	0.00	6570.59
SOLAR POWER PLANT	1263.53	0.00	0.00	1263.53
Land on lease	0.00	0.00	0.00	0.00
Assets on leased land:	759.69	0.00	0.00	759.69
Buildings	728.57	0.00	0.00	728.57
Plant and Machinery	19432.63	0.00	0.00	19432.63
Others	519.61	0.00	0.00	519.61
CURRENT YEAR	<u>86005.29</u>	<u>5214.71</u>	<u>4376.86</u>	<u>86843.14</u>
PREVIOUS YEAR	<u>79907.19</u>	<u>29431.87</u>	<u>12657.20</u>	<u>96681.86</u>

8.1.2 DEPRECIATION BLOCK

PARTICULARS	(Rs. in Lakhs)			
	Upto 31st March, 2013	For the Year	Deductions/ during the year	Upto 31st March, 2014
BUILDINGS	80.57	5.52	0.00	86.09
REFRIGERATORS, Acs AND AIR COOLERS	9.31	1.73	1.60	9.44
FURNITURE AND FIXTURES	64.43	8.96	14.45	58.94
OFFICE EQUIPMENT	76.24	28.68	17.58	87.34
VEHICLES	38.65	21.90	0.00	60.55
ELECTRICAL EQUIPMENT	8.73	2.01	1.91	8.83
DRAWING EQUIPMENT	1.85	0.02	0.00	1.87
COMPUTER	335.36	49.20	161.28	223.28
QUALITY CONTROL EQUIPMENT	5.42	0.00	0.00	5.42
LAND DEVELOPMENT - SEZ	25.64	5.24	0.00	30.88
BUILDING - SEZ	0.48	0.10	0.00	0.58
WATER SUPPLY - SEZ	157.17	36.44	0.00	193.61
SEWERAGE - SEZ	28.57	54.02	-39.38	121.97
EXTERNAL ELECTRIFICATION - SEZ	27.45	12.21	-6.42	46.08
ROADS AND BRIDGES - SEZ	366.06	107.10	-60.20	533.36
SOLAR POWER PLANT	60.02	60.02	0.00	120.04
Land on lease	0.00	0.00	0.00	0.00
Assets on leased land:				
Buildings	202.52	24.50	0.00	227.02
Plant and Machinery	196.58	24.18	0.00	220.76
Others	8481.00	1026.04	0.00	9507.09
CURRENT YEAR	509.96	2.13	0.00	512.09
PREVIOUS YEAR	10676.01	1470.00	90.82	12055.19
	9521.03	1412.14	300.36	10632.81

8.1.3 NET BLOCK

PARTICULARS	(Rs. in Lakhs)			
	As at 31st March 2013	Asset impairment loss (reversal) for the year	Impairment to end of 31st March 2014	As at 31st March 2014
LAND including Land Development	998.9	0.00	0.00	998.9
BUILDINGS	258.39	0.00	0.00	252.87
REFRIGERATORS, Acs AND AIR COOLERS	10.81	0.00	0.00	10.11
FURNITURE AND FIXTURES	62.91	0.00	0.00	59.62
OFFICE EQUIPMENT	86.34	0.00	0.00	71.18
VEHICLES	69.90	0.00	0.00	212.25
ELECTRICAL EQUIPMENT	24.73	0.00	0.00	25.89
DRAWING EQUIPMENT	0.29	0.00	0.00	0.27
COMPUTER	119.82	0.00	0.00	80.84
QUALITY CONTROL EQUIPMENT	0.00	0.00	0.00	0.00
LAND - SEZ	51015.05	0.00	0.00	52913.77
LAND DEVELOPMENT - SEZ	3557.62	0.00	0.00	202.65
BUILDING - SEZ	5.64	0.00	0.00	5.54
WATER SUPPLY - SEZ	609.92	0.00	0.00	573.48
SEWERAGE - SEZ	127.26	0.00	0.00	1015.19
EXTERNAL ELECTRIFICATION - SEZ	105.54	0.00	0.00	211.09
ROADS AND BRIDGES - SEZ	5022.21	0.00	0.00	6037.23
SOLAR POWER PLANT	1203.51	0.00	0.00	1143.49
Land on lease				
Assets on leased land:				
Buildings	557.17	0.00	0.00	532.67
Plant and Machinery	531.99	0.00	0.00	507.80
Others	10951.62	0.00	0.00	9925.59
CURRENT YEAR	9.65	0.00	0.00	7.52
PREVIOUS YEAR	75329.26	0.00	0.00	74787.95
	70386.16	0.00	0.00	86049.05

8.1.4 CAPITAL - WORK IN PROGRESS

(Rs. in Lakhs)	(Rs. in Lakhs)
As at 31-3-2014	As at 31-3-2013
5,627.95	1,404.04
5,627.95	1,404.04

8.1.5 Buildings

The company purchased 6th floor (11840 sft) from APIDC on outright purchase basis for a consideration of Rs. 13.20 lakhs in the year 1979 and 4th floor (11867 sft) from APSSIDC for a consideration of Rs. 150.00 lakhs in the year 1998. The same was shown under the head Buildings in Fixed Assets pending execution of sale deed by the respective parties.

8.1.6 Depreciation:

A policy on Physical verification of fixed assets is framed and adopted during the year. The assets damaged and not available are identified and necessary entries are passed in the Books of Accounts. Accordingly, an amount of Rs. 18.32 lakhs was written off during the year.

8.1.7 SPECIAL ECONOMIC ZONES (SEZ):

The company was appointed as Nodal Agency for development of Special Economic Zones (SEZs) in Andhra Pradesh. 17 Nos of SEZs were notified by Govt of India as at the end of the year which are being developed by the company as Developer. In respect of the allotments made under lease basis during the year and lease deeds executed, the income on lease premium is taken proportionately depending upon the lease period and lease rentals are accounted for as revenue. The assets relating to Special Economic Zones amounting Rs. 61885.43 lakhs (Previous Year Rs. 61048.61 Lakhs) are shown under the head Fixed Assets and depreciation amounting Rs. 926.48 lakhs (Previous Year Rs. 605.37 Lakhs) was charged to Profit and Loss Account upto the Financial Year.

9 NON-CURRENT INVESTMENTS

9.1 Trade Investments - Unquoted (Companies incorporated in India)

			(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
	<u>INVESTMENTS IN ASSOCIATE COMPANIES</u>	<u>% of Holding</u>		
I	3,84,80,000 equity shares of Rs. 10/- each fully paid-up in Cyberabad Convention Center (P) Ltd	26	3711.74	3326.65
II	1,97,49,698 equity shares of Rs. 10/- each fully paid-up in Boulder Hills Leisure (P) Ltd	26	1409.30	146.17
III	2,50,32,202 equity shares of Rs. 10/- each fully paid-up in Emmar Hills Township (P) Ltd	26	2592.00	2681.90
IV	52,00,000 equity shares of Rs. 10/- each fully paid up in L&T Hitech City Ltd	26	1462.30	1506.65
V	15,00,000 equity shares of Rs. 10/- each full pad-up in Bharatiya International SEZ Ltd	11.05	152.58	150.00
	<u>INVESTMENTS IN RELATED PARTY COMPANIES</u>			
VI	22,00,000 equity shares of Rs. 10/- each fully paid-up in K Raheja IT Park Ltd	11	2857.69	220.00
VII	1,42,640 equity shares of Rs. 10/- each fully paid-up in Intime Properties Pvt. Ltd.,	11	953.70	14.26
VIII	1,17,901 equity shares of Rs. 10/- each fully paid-up in Sundew Properties Pvt. Ltd.,	11	(93.56)	11.79
IX	2,09,49,200 equity shares of Rs. 10/- each full paid up in CBD Tower (P) Ltd	11	2054.95	2094.92
X	29,70,000 equity shares of Rs. 10/- each fully paid-up in L&T Infocity Ltd (includes 9,90,000 Bonus shares issued on May 12, 2003)	11	1503.08	198.00
XI	19,80,000 equity shares of Rs. 10/- each fully paid-up in Ramky Pharma City (India) Ltd	11	1566.63	198.00
XII	2,50,000 equity shares of Rs. 10/- each fully paid-up in Patancheru Envirotech Ltd	10	25.00	25.00
XIII	20,825 equity shares of Rs. 10/- each fully paid-up in Hyderabad Information Technology Venture Enterprises Ltd	8	2.08	2.08

XIV	4,165 equity shares of Rs.10/- each fully paid-up in Cyberabad Trustee Company (P) Ltd	8	0.42		0.42
XV	500 equity shares of Rs. 10/- each fully paid-up in Hyderabad Pharma Infrastructure & Technologies Ltd	1	0.05		0.05
XVI	44,000 equity shares of Rs. 10/- each fully paid-up in Vizag IT Park Ltd	0.49	4.40		4.40
XVII	770 Units of Rs.25,000/- each fully paid-up in Cyberabad Trustee Company (P) Ltd (HIVE FUND)		164.45		192.50
XVIII	15,90,50,800 Fully Secured Convertible Debentures of Rs.10/- each in CBD Tower (P) Ltd		15902.33		15905.08
XIX	100,00,000 equity shares of Rs. 10/- each fully paid-up in APGDC through company		1000.00		500.00
XX	4,70,800 equity shares of Rs. 10/- each fully paid-up in Nano Tech Silican India Ltd		47.08		47.08
XXI	Deposit towards share application money UoH Knowledge and Innovation Park (P) Ltd	0.00	0.00	0.11	0.11
	Bhagyanagar Gas Ltd	49.00	239.07	239.06	239.06
	SUB TOTAL		35555.29		27464.12
			(Rs. in Lakhs)		(Rs. in Lakhs)
			As at 31-3-2014		As at 31-3-2013
	Less provision for diminution of investments				
	Nano tech silicon	47.08		47.08	
	UoH Knowledge and Innovation Park (P) Ltd	0.00		0.11	
	CTCPL - HIVE Fund	28.06	75.14	28.14	75.33
	SUB TOTAL		75.14		75.33
	GRAND TOTAL		35480.15		27388.79

9.3 Investment in M/s Emaar Hills Township Private Limited :

The shares allotted to the Corporation for the investments made against the allotment of land at the time of incorporation is being continued in the above company. The corporation filed Civil suite stating that, the development agreement entered into with EMAAR MGF Limited (Co - Developer) is illegal and void. Further, CBI had conducted an enquiry and file charge sheet on the above company alleging irregularities in execution of development agreement cum GPA with Co-Developer. The matter is under investigation.

9.4 Investments in CBD Towers (P) Ltd:

The Company has allotted land admeasuring 80.27 acres in Sy.Nos. 283 and 311 of Manchirevula village, Rajendranagar Mandal, R R District to M/S C B D Towers (P) Ltd. In consideration of allotment of land for construction of trade towers, the investee company has issued 15,97,67,891 (12%) fully convertible Debentures of Rs.10/- each. 7,05,125 No. of debentures were converted into equity shares out of the total convertible debentures of 15,97,67,891 upto 31.03.2013. Also the coupon rate was reduced to 2% from 12% w.e.f. 01.04.2010 upto 31.03.2014.

9.5 Investment in Sundew Properties Pvt. Ltd., and Intime Properties Pvt. Ltd.,

Investments in respect of Sundew Properties Pvt. Ltd.,(Rs.11.79 Lakhs) was inadvertently accounted as investments in Intime Properties Pvt. Ltd.,(Rs. 14.26 Lakhs) and vice versa. The same was rectified during the year.

9.6 Provision for diminution in the value of investments is created in respect of Nanotech Silicon India Ltd., and Cyberabad Trustee Company Pvt Ltd. - HIVE Fund.

10	LONG-TERM LOANS AND ADVANCES	(Rs. in Lakhs)	(Rs. in Lakhs)
	(Unsecured and Considered Good)	As at 31-3-2014	As at 31-3-2013
	Security Deposits	282.34	295.25
	Loans & Advances to related parties	19024.60	0.00
	Advances to Staff	461.47	506.62
	Other Loans & Advances	53624.55	52096.24
	Amount paid under Resource Mobilisation due from GoAP	147201.33	0.00
	TOTAL	220594.29	52898.11

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11 Other non current assets	(Rs. in Lakhs)	(Rs. in Lakhs)
Bank Deposits	7732.07	1074.72
Accrued Interest on Bank Deposits	803.13	221.63
Due from APGDC	0.00	6.07
Advance rent	1.88	1.88
Misc. Expenses to the extent not written off	3.99	6.55
Others	6441.54	8044.73
Sub total	<u>14982.61</u>	<u>9355.58</u>

The above Fixed Deposit and accrued interest thereon represents deposit made with Syndicate Bank, NS road, Hyderabad as per the interim orders of Supreme court to auction of land allotted to United Tractors - a sick company. Realisation of deposit is subject to final judgement of the honourable supreme court.

12 CURRENT ASSETS	(Rs. in Lakhs)	(Rs. in Lakhs)
	As at 31-3-2014	As at 31-3-2013
12.1 INVENTORIES (As certified by the Management)		
Construction materials	45.09	45.09
Stock in trade - Land	2,67,389.70	6,29,691.87
Stock in Trade - Land Development	4,755.99	4,819.78
Stock in trade - Buildings	835.85	907.37
Stock in trade - Sheds	943.50	949.03
Stock in trade - Water Supply	4,118.25	4,191.90
Stock in trade - Sewerage	719.79	395.16
Stock in trade - External Electrification	3,530.54	3,555.32
Stock in trade - Roads and Bridges	17,956.27	16,903.86
Houses - Stock	26.61	26.61
Hire Purchase Stock - Sheds	61.08	61.27
Sub Total	<u>300382.67</u>	<u>661547.26</u>
Work - in progress	50983.17	47074.04
Sub Total	<u>50983.17</u>	<u>47074.04</u>
TOTAL	<u>351365.84</u>	<u>708621.30</u>

12.2 Government Lands:

a) In respect of Government Lands taken possession and where alienation orders are not received the cost paid / cost payable is taken to books towards cost of inventory by creating provision.

12.3 Inventories:

The minus balances in certain estates reflected in the books of accounts is due to elimination of cost on execution of sale deeds, revision of layouts at a later date, refund of excess amounts deposited with land acquisition officers on finalisation of court cases. The same is under review and reconciliation. Necessary rectification will be made after review and reconciliation.

LANDS :

Name of the area	Details
AIE Bodhan	Current Assets include land, sheds, buildings etc., amounting to Rs.16.01 lakhs acquired by Company for which sale deed is yet to be executed.
IDA Jeedimetla, Phase.V	86.725 acres of land was taken possession from Government on lease for 99 years for which no liability was created pending fixation of lease rentals.
IE Gudur	10 acres of land was taken possession along with super structures as per G.O.Ms.No.703, Health, dt.29.6.1977 which was not included in the assets of the Company pending finalization of the cost and other formalities by Government.
Izzatnagar (v), Serilingampalli mandal, R R District	An extent of 15.139 acres of Government land in survey No5/9(p),5/10(p) and 5/11(p) at Izzatnagar (v), Serilingampalli mandal of R R District was taken possession by the Corporation on 10.10.2005 as per G O Ms No133, TR & B (R III) Department dated 22.06.2005. The same was not taken to books of account pending finalisation of land cost and other formalities by Government.
Krishnapatanam(v), Nellore district	An extent of 1021.67 acres of ceiling surplus land was leased out to the Company by Go AP vide G O Ms No.241 dated 28.02.2005 for a period of 25 years. This land was not taken to books of accounts as the lease terms and conditions are not finalised by GoAP.
Raidurg(v), Serilingampalli mandal, R R District	Government of Andhra Pradesh transferred an extent of 470.63 acres of surplus land in survey No.83 of Raidurg(v), Serilingampalli mandal, R R District vide G O Ms No.161 dated 13.02.2006 and G O Ms No.1077 dated 02.09.2008 of Revenue(UC.II) Department for resource mobilisation. Pending sale/ Auction of Raidurg Lands, an amount of Rs.4,89,227 lakhs was remitted to Government of Andhra Pradesh towards resource mobilisation. An amount of Rs. 2,03,215 lakhs was realised on auction of 120.00 Acres of the above lands which was capitalised in the books of accounts. An amount of Rs.1,46,920 lakhs payable to GoAP was adjusted against the advance payment towards cost of other Govt. Lands. Balance amount of Rs. 1,47,201 lakhs is receivable/ due from Government on account of resource mobilisation. Raidurg Lands to the extent of 359.00 Acres was not taken in the books of accounts pending finalisation of extent of land for resource mobilisation and the cost of the land and no profit/loss is considered on sale of lands.

	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
13 TRADE RECEIVABLES		
(Unsecured and Considered Good)		
(a) Debts exceeding 6 months	8108.79	5113.44
(b) Other debts	2119.32	2466.30
Sub total	<u>1111.64</u>	<u>2176.25</u>
Less: Provision for doubtful debts	1111.64	2176.25
Sub-Total	<u>9116.47</u>	<u>5403.49</u>
GRAND TOTAL	<u>9116.47</u>	<u>5403.49</u>

The age wise analysis for the sundry debtors was done based on the date of invoice instead of due date for payment. Allowance for doubtful debts is created at 100% on principal amount for debtors outstanding more than 3 years.

	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
14 CASH AND CASH EQUIVALENTS		
Cash on Hand - Estates	0.00	0.06
Cheques / DDs on hand - Estates	8.85	7.64
Cash in Transit	0.00	28.65
Balance in Bank Accounts	5326.04	2530.55
Balance with Banks - Estates	124.29	658.07
Bank Deposits less than 3 months		
Fixed Deposits 14052.2811423.24		
Accrued interest on Fixed Deposits less than 3 months	312.00	382.55
Earmarked Balances with Banks		
Public Deposit Account - Funds from PD Account can be drawn only against the bills of sanctioned works.	8285.55	9691.48
TOTAL	<u>28109.01</u>	<u>24722.24</u>

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	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
15 SHORT - TERM LOANS AND ADVANCES		
Advances Recoverable in Cash or in Kind for the value to be received		
Interest free Loans & Advances to Staff etc.	1089.44	1494.90
TOTAL	1089.44	1494.90
16 OTHER CURRENT ASSETS		
16.1 Accrued interest on Fixed Deposits more than 3 months		
Interest /Income Accrued	373.63	83.66
Bank Deposits for more than 3 months	1007.19	2841.00
Projects	0.00	68.71
Other advances	15703.99	10974.40
IT deducted at Source	216.21	981.84
Capital Expenditure to the extent not written off	1.70	0.00
TDS Deposit for stay	73.50	73.50
MAT Credit	746.38	746.38
	18122.61	15769.49

Fixed Deposits include an amount of Rs. 1,007.19 Lakhs in ING Vysya Bank Limited, Abids Branch towards collateral Security in respect of Bank Guarantee given on behalf of Andhra Pradesh Gas Infrastructure Corporation Pvt Limited.

16.2 Sundry debtors, Loans and advances are subject to confirmation.

16.3 Land allotted under IT Policy of Government of A.P.:

As per G.O.Ms.No.114 dated 25.05.1999 of Finance and Planning (Plg.IT&C) Department, the cost of rebate/incentives granted to IT Companies will be adjusted against cost of Government lands alienated to APIIC.

In pursuance of the above GO, the amount of Rs. 46,41,24,873/- (Previous year Rs.46,41,24,873/-) receivable from Government of Andhra Pradesh is exhibited under Other Current Assets of Balance Sheet as alienation orders for various Government lands are awaited.

17 CONTINGENT LIABILITY:

17.1 CIVIL WORKS:

S.No	Particulars	2013 - 14 Rs.in Lakhs	2012 - 13 Rs.in Lakhs
i)	Estimated amount of contracts remaining to be executed on capital account not provided for	5021.83	7524.62
(ii)	Claims against the company not acknowledged as debts	49.47	49.47
(iii)	Arbitration & Court cases Contingent liabilities Works Contracts Etc.	823.36	823.36

17.2 LAND ACQUISITION:

S.No	Particulars	2013 - 14 Rs.in Lakhs	2012 - 13 Rs.in Lakhs
i)	Claims made by pattadars but being contested in lower Courts	13,809.00	5,145.74
(ii)	Claims decreed by lower courts, but being contested in higher Courts	3,071.00	1,064.56
(III)	Other Legal Cases	1,06,737.00	1,06,737.00

Note: The amounts indicated at 16.2 above are excluding Solatium, Additional Market Value and Interest.

17.3 A total amount of Rs. 7,303.21 lakhs demanded by the Income Tax Department for A.Y 2006-07 (Rs.5,865.96 lakhs), 2011-12 (Rs.1,437.25 Lakhs), Rs.4838.48 Lakhs in respect of VIWSCO towards Income Tax and Fringe Benefit Tax was not taken into books of accounts and accordingly no provision was made as the cases are pending with the authorities of Income Tax Department.

17.4 A total amount of Rs. 247.05 lakhs was demanded by the Central Excise and customs Department for various financial years towards Service Tax payable. The same not taken into books of accounts and accordingly no provision was made as the cases are pending.

17.5 Land Conversion Charges:

The state investment promotion Committee (SIPC) in its meeting held on 26.04.2013, decided not to provide exemption to the corporation from payment of land conversion fee for non-agricultural purposes foregoing state revenues since APIIC would pass on any costs to the end client. Accordingly, an amount of Rs. 29,851.91 Lakhs towards conversion fee was provided in the books of accounts during the year.

17.6 Bank Guarantee:

The Corporation has given guarantee for an amount of Rs. 929.00 lakhs on behalf of Andhra Pradesh Gas Infrastructure Corporation Pvt. Ltd., (Previous year Rs. 949.00 lakhs) for which collateral security as Fixed deposit for the same amount is held.

18 REVENUE FROM OPERATIONS	(Rs. in Lakhs)	(Rs. in Lakhs)
	As at 31-3-2014	As at 31-3-2013
Sale of Land, Houses, etc...	117512.76	31796.68
Interest on Hire Purchase and ORS	169.01	0.20
Retnal Demands	1674.85	1757.50
Water Demands	1878.61	1479.56
Other Operating Revenue	279.64	833.57
Supply of Water	4974.64	4929.31
TOTAL	<u>121514.87</u>	<u>40796.82</u>
	(Rs. in Lakhs)	(Rs. in Lakhs)
	As at 31-3-2014	As at 31-3-2013
19 OTHER INCOME		
Interest on Advances to Staff	8.65	16.60
Interest on Other Loans and Advances	266.42	265.08
Interest on Fixed Deposits	1576.33	1964.07
Interest on Debentures	314.62	318.28
Interest on Rental & Water charges Arrears	104.22	97.60
Dividend Receipt	290.87	1665.55
Penalty and Surcharges	1507.23	781.73
Miscellaneous Receipts	390.42	938.72
Local Authority income	181.38	127.52
Sale of Solar Power	245.35	209.52
Provisions written back	0.08	27.06
Liabilities Written back	4.48	4.38
Income from Joint Ventures / Associates	7591.27	-848.33
TOTAL	<u>12481.32</u>	<u>5567.77</u>
	Rs.in Lakhs	Rs.in Lakhs
	As at 31-3-2014	As at 31-3-2013
20 COST OF SALES		
Cost of sales - Land	115783.67	31073.81
Cost of sales - Houses	0.62	0.91
Cost of sales - Sheds	0.21	3.71
Bulk water charges	285.51	359.79
Cost of Sales	772.38	0.00
TOTAL	<u>116842.39</u>	<u>31438.22</u>

	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
21 EMPLOYEE BENEFITS EXPENSE		
Salaries and Allowances	3341.98	3394.22
Contribution towards Provident and other Funds	293.07	279.52
Contribution to Group Gratuity Premium	116.56	155.92
Staff Welfare Expenses	138.88	194.46
Sub total	3890.49	4024.12
Less: Expenditure Capitalised / transferred to other heads	1060.89	1609.71
Sub - Total	1060.89	1609.71
TOTAL	2829.60	2414.41
21.1 Managerial Remuneration		
	For the year 2013-14 Rs. in lakhs	For the year 2012-13 Rs. in lakhs
Vice Chairman & Managing Director		
Salaries and Allowances	19.88	15.45
Medical Expenses	0.00	1.19
Leave Travel	0.00	0.00
Rent	0.01	0.01
	<u>19.89</u>	<u>16.65</u>
22 OTHER EXPENSES	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
(a) REPAIRS AND MAINTENANCE EXPENSES		
Computers	4.18	4.43
Pumpsets	1.17	0.43
Electrification	0.82	2.66
Office Equipment	7.25	9.01
Refrigerators, Acs and Air Coolers	0.87	1.86
Vehicles	3.49	0.00
Furniture and Fixtures	0.14	0.00
Others	0.96	682.13
Electric Equipment	0.48	0.45
Sub - Total	19.36	700.97
Less: Expenditure Capitalised	6.57	4.15
Sub - Total	12.79	696.82
(b) ADMINISTRATION & GENERAL EXPENSES	(Rs. in Lakhs) As at 31-3-2014	(Rs. in Lakhs) As at 31-3-2013
Travelling Expenses	160.77	145.75
Rent	26.12	17.14
Rates and taxes	9.57	7.21
Vehicle maintenance	311.80	292.18
Electricity charges	73.65	49.70
Water charges	1040.79	808.17
Repairs and maintenance - Estates	150.92	118.83
Insurance	14.91	15.82
Operating Expenses	508.46	0.00
Other expenses	777.99	1543.17
Corporate Social Responsibility	200.00	325.18
Provision for diminution of investments	0.00	75.33
CEF WRITE OFF	1742.13	1237.48
Total Expenditure before Capitalisation	<u>5017.12</u>	<u>4635.96</u>
Less: Expenditure Capitalised	318.59	463.97
Sub-Total	4698.53	4171.99

(c) Administration charges on Deposit works	(Rs. in Lakhs)	(Rs. in Lakhs)
	As at 31-3-2014	As at 31-3-2013
Administration charges on Deposit Works	451.02	629.33
Sub - Total	451.02	629.33
(d) Expenditure on ERP	(Rs. in Lakhs)	(Rs. in Lakhs)
	As at 31-3-2014	As at 31-3-2013
ERP Expenditure	69.74	91.32
Sub - Total	69.74	91.32
(e) PRIOR PERIOD ITEMS (Net)	(Rs. in Lakhs)	(Rs. in Lakhs)
	As at 31-3-2014	As at 31-3-2013
Revenue from operations	(545.36)	796.99
Other Income	(137.85)	(244.21)
Cost of sales	0.00	(3.13)
Employee benefit expenses	(296.54)	0.00
Repairs and Maintenance	0.00	0.00
Administrative and General Expenses	106.02	223.33
Others	0.47	6.60
Sub - Total	(873.26)	779.58
TOTAL	4358.82	6369.04

Other Administrative expenses includes the following auditors' remuneration:

	(Rs. in Lakhs)	(Rs. in Lakhs)
	As at 31-3-2014	As at 31-3-2013
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
Service Tax thereon	0.57	0.57
Total	5.57	5.57

- 23 The Government of Andhra Pradesh has entrusted certain Local Authority powers to the Company like collection of Property Tax, maintenance of Common facilities in respect of certain Industrial Parks and Industrial Development Areas. The local authority powers are vested with APIIC Industrial Area Local Authority (IALA) for each industrial area and the income and expenditure in this regard is being accounted for in the books of accounts maintained by the respective IALAs and hence not accounted for in the accounts the Company.
- 24 The company proposed for levy of penal charges of Rs. 1.82 Crores before 2013-14 for non payment of debenture interest for which the CBD Towers has requested for waiver of the same as part of the restructuring proposal. The restructuring proposal submitted by CBD Towers is under consideration of the company. The uncertainty in the ultimate collection.
- 25 **Basis of Consolidation**
The Consolidated financial statements are prepared related to the Company, its subsidiaries and interest in Joint Ventures, together referred to as Group.
- 25.1 Basis of Accounting:
- 25.1.1 The financial statements of subsidiary Companies and Joint Ventures in the Consolidation are drawn upto the same reporting date as of the Company for the purpose of Consolidation.
- 25.1.2 The Consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 - 'Consolidated financial Statements', Accounting Standard(AS) 23 - 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27 - 'Financial Reporting of Interest in Joint Ventures' of Companies (Accounting Standards) Rules 2006 and generally accepted accounting principles.
- 25.2 The consolidated financial statements have been prepared as per the following principles:
- 25.2.1 The Financial statements of the Company and its subsidiaries are combined on a line by line basis by auditing together of the like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealised profits or losses and minority interest have been separately disclosed.

- 25.2.2** The consolidated financial statements include the interest of the Company in VISWSCO a Joint Venture, which has been accounted for using the proportionate consolidation method of accounting where the Company has joint control over the entity and reporting whereby the Company's share of each asset, liability, income and expense of a jointly controlled entity is considered as a separate line item. The investment in other joint ventures where the Company does not have joint control but has only significant influence over the joint ventures, has been accounted for under equity method whereby the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The consolidated statement of profit and loss reflects the investor's share of the results of operations of the investee.
- 25.2.3** The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company as the Company's separate financial statements except as otherwise stated in the notes to the accounts.
- 25.3** The difference between the cost of investment and the share of net assets at the time of acquisition of the shares in the subsidiaries and joint ventures is identified in the financial statements as goodwill or capital reserve, as the case may be.
- 25.4** The Subsidiaries and Joint Venture Companies considered in the financial statements are as follows:

Name of the Company	Proportion (%) of Shareholding as on	
	31.03.2014	31.03.2013
Subsidiary Companies: Incorporated in India	Full Consolidation	
1. Andhra Pradesh Gas Infrastructure Company Ltd	51%	51%
2. Krishnapatnam International Leather Complex Pvt. Limited	89%	89%
3. FAB City SPV India PVT Limited	89%	89%
4. Ecity Manufacturing Cluster Ltd.,	100%	0%
4. Maheswaram Science Park Ltd.,	100%	0%
Joint Ventures: Incorporated in India	Proportionate consolidation	
1. Visakhapatnam Industrial Water Supply Company Limited	49%	49%
Joint Ventures: Incorporated in India	Equity Method	
2. L & T Hi-tech Limited	26%	26%
3. Emmar Hills Township Private Limited	26%	26%
4. Boulder Hills Leisure Private Limited	26%	26%
5. Cybderabad Trustee Company Private Limited	26%	26%
6. Nano Tech Silican India Ltd.,	20.04%	20.04%
7. Cyberabad Trustee Company P Ltd(HIVE Fund)	16.67%	16.67%
8. Bharatiya International SEZ Ltd	11.05%	11.05%
9. L&T Infocity Ltd.,	11%	11%
10. Ramky Pharma City (India) Ltd.,	11%	11%
11. K Raheja IT Park Ltd.,	11%	11%
12. Sundew Properties (P) Ltd.,	11%	11%
13. Intime Properties (P) Ltd.,	11%	11%
14. CBD Towers (P) Ltd.,	11%	11%

Note: * The Financial Statements are provisional and unaudited.

- 25.5** The difference between the cost of investment and share of net asset is zero on the date of acquisition of shares in the subsidiary and joint venture companies, hence no goodwill or capital reserve is identified in the consolidated financial statements.
- 25.6** Financial Information of Subsidiary Companies:
- 25.6.1** Andhra Pradesh Gas Infrastructure Company Limited (APGIC)

Particulars	Rupees in Lakhs	
	31.03.2014	31.03.2013
Authorised Share Capital (100000000 Equity Shares of Rs. 10/- each)	50	50
Issued, Subscribed and paid up capital: (1,00,000 Equity Shares of Rs. 10/- each fully paid)	4000	4000
Total assets	4080	4045
Total Liabilities	80	45
Total assets of APGIC include investments in Equity of shares of Rs.10 each fully paid in Andhra Pradesh Gas Distribution Company Limited, a 50:50 Joint Venture company between APGIC and GAIL.	500	500

APGIC has not yet commenced its commercial operations. Profit and loss statement is not prepared. Hence, turnover, profit before taxation, profit after taxation are nil.

25.6.2 Krishnapatnam International Leather Complex Private Limited (KILC)

Particulars	Rupees in Lakhs	
	31.03.2014	31.03.2013
Authorised Share Capital (5,00,000 Equity Shares of Rs. 10/- each)	50	50
Issued, Subscribed and paid up capital: (1,00,000 Equity Shares of Rs. 10/- each fully paid)	10	10
Reserves and Surplus (Grants in Aid)	2500	2500
Total assets	2657	2583
Total Liabilities	147	73

25.6.3 FAB City SPV India Private Limited

Particulars	(Rupees in Lakhs)	
	31.03.2014	31.03.2013
Authorised Share Capital (50,000 Equity Shares of Rs. 10/- each)	5	5
Issued, Subscribed and paid up capital: (10,000 Equity Shares of Rs. 10/- each fully paid)	1	1
Reserves and Surplus	439.47	365.64
Total assets	501.27	417.37
Total Liabilities	60.80	50.73

25.6.4 Ecity Manufacturing Cluster Limited

Particulars	(Rupees in Lakhs)	
	31.03.2014	31.03.2013
Authorised Share Capital (10,000 Equity Shares of Rs. 10/- each)	1	0
Issued, Subscribed and paid up capital: (10,000 Equity Shares of Rs. 10/- each fully paid)	1.00	0.00
Reserves and Surplus	0	0.00
Total assets	1501.27	0.00
Total Liabilities	1500.27	0.00

25.6.5 Maheswaram Science Park Limited

Particulars	(Rupees in Lakhs)	
	31.03.2014	31.03.2013
Authorised Share Capital (10,000 Equity Shares of Rs. 10/- each)	1	0
Issued, Subscribed and paid up capital: (10,000 Equity Shares of Rs. 10/- each fully paid)	1	0
Reserves and Surplus	0	0.00
Total assets	1501.26	0.00
Total Liabilities	1500.26	0.00

25.6.4 Investment in APGICP Ltd:

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.20.40 crores) in Andhra Pradesh Gas Infrastructure Corporation (P) Ltd.

25.6.5 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.

25.6.6 Investment in Fab City SPV (India) P Ltd:

As per the directions of Government of AP in G.O. Ms. No. 94 of Inds & Commerce (INF) Department dated 28.04.2007, the Corporation has acquired 89% of equity (Rs. 89,000/-) in Fab city SPV (India) P Ltd.,

Consequently the Fab city SPV (India) P Ltd., has become a subsidiary company of the Corporation. The amounts due from the subsidiary company towards land cost and infrastructure and the amounts received for on behalf of the subsidiary company are shown "Due from Fab City SPV (India) Pvt., Ltd.," and grouped under current assets in the books of accounts.

25.6.7 Investment in E-City Manufacturing Cluster Limited :

As per the directions of Government of AP vide the IT& C Department's letter No. 2097/IT&C/Prom2/2011 dated 08-08-2013, the Corporation promoted E-City Manufacturing Cluster Limited and acquired 100% of equity (Rs. 1.00 lakh) of the Company.

25.6.8 Investment in Maheshwaram Science Park Limited :

As per the directions of Government of AP vide the IT& C Department's letter No. 2097/IT&C/Prom2/2011 dated 08-08-2013, the Corporation promoted Maheshwaram Science Park Limited and acquired 100% of equity (Rs. 1.00 lakh) of the Company.

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

AS PER OUR REPORT OF EVEN DATE
for JAWAHAR AND ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
V UMAPATHI
PARTNER
M.NO: 21887
FIRM REG. NO.: 001281S

Sd/-
K V SATYANARAYANA, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
ANDHRA DIVISION

Sd/-
K PRADEEP CHANDRA, IAS
DIRECTOR

Sd/-
Dr. P KRISHNAIAH, IAS, (Retd.,)
CHAIRMAN

Sd/-
M SIVA REDDY
COMPANY SECRETARY

DATE: 27.09.2014
PLACE: HYDERABAD

ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED
Consolidate Cash Flow Statement for the year ended 31st March, 2014

(Rupees in Lakhs)

Particulars	Current Year	Previous Year
Cash flows from operating activities		
Net profit before taxation and exceptional and extra ordinary Items	12083.71	3118.28
Adjustments for:		
Depreciation and amortisation	1470.00	1389.73
Dividend Income	(290.87)	(1665.45)
Profit / loss on sale of fixed assets	0.13	0.50
Operating profit before working capital changes	13262.97	2843.06
Adjustments for:		
Inventories	357255.46	8700.31
Trade receivables	(3712.98)	(2629.65)
Other current and non current assets	(12204.06)	6323.77
Loans and advances	(167290.72)	(4493.00)
Payables, liabilities and provisions	(178509.19)	(20001.02)
Cash generated before prior period items	8801.48	(9256.53)
Net Cash Flow from operating activity before Income tax	8801.48	(9256.53)
Income tax paid	(1596.01)	(899.19)
Net Cash from operating activities	7205.47	10155.72
Cash flows from investing activities		
Purchase of fixed assets	3981.86	(64.21)
Purchase of investments	(8091.46)	613.28
Dividend income	290.87	1665.45
Sale of fixed assets	0.02	0.15
Net cash from investing activities	(3818.71)	2214.67
Net increase in cash and cash equivalents	3386.76	(7941.05)
Cash and cash equivalents at the beginning of the year	24722.24	32663.29
Cash and cash equivalents at the end of the year	28109.01	24722.24
This is the Cash flow statement referred to in our report even date		

AS PER OUR REPORT OF EVEN DATE
for JAWAHAR AND ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
V UMAPATHI
PARTNER
M.NO: 21887
FIRM REG. NO.: 001281S

Sd/-
K V SATYANARAYANA, IAS
VICE CHAIRMAN &
MANAGING DIRECTOR
ANDHRA DIVISION

Sd/-
Dr. P KRISHNAIAH, IAS,(Retd.,)
CHAIRMAN

FOR AND ON BEHALF OF THE BOARD

Sd/-
K PRADEEP CHANDRA, IAS
DIRECTOR

Sd/-
M SIVA S REDDY
COMPANY SECRETARY

DATE: 27.09.2014
PLACE: HYDERABAD

Independent Auditor's Report

To the board of directors of
Andhra Pradesh Industrial Infrastructure Corporation Limited.
Hyderabad.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited and its subsidiaries, associates and joint ventures which comprise the consolidated Balance Sheet as at March 31, 2014, and consolidated Statement of Profit and loss and consolidated and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Corporation in accordance with the Accounting Standards notified under the Companies Act, 1956("the Act") read with the General Circular 15/2013 dated 13 September 2013, of the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Corporation's preparation and fair presentation of the consolidated financial statements that gives a true and fair view in order to audit procedures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement

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

Basis for Qualified Opinion:

In respect of Andhra Pradesh Industrial Infrastructure Corporation Limited:

1) Equity Share Capital (Please Refer Note 2 of Financial statements):

The issued, subscribed and paid up capital of the company is Rs. 16,32,75,000 divided into 1,63,275 number of equity shares of Rs. 1000 each fully paid up. As per information made available to us the investments in the books of Government of Andhra Pradesh stands at Rs. 27.41 crores. This needs reconciliation.

2) Reserves and Surplus : Capital Reserve

Receipt of Rs. 13 crores from Government of Andhra Pradesh as share capital vide GO. Numbers 107 dated 22.07.1995, 108 dated 26.07.1995, 284 dated 17.08.1998, 330 dated 16.09.1998, 171 dated 27.05.1999, 224 dated 28.05.2002 pending for many years classified as capital reserve. In our opinion, this needs to be classified as share application pending allotment.

3) Income Recognition as per Accounting Standard 9 (refer Accounting Policy No. 3):

As per Accounting Standard 9, the income needs to be recognized as and when the risks and rewards are passed on to the buyer. The Corporation is adopting a policy of recognizing the income when the sale deed is entered regardless of the agreement entered with the allottee.

This treatment is in contravention of AS 9. As on 31/03/2014 an amount of Rs. 4,223.36 crores is shown in the books as liability towards "Deposits received from Allottees". In addition to the above, an amount of Rs. 285.60 crores is towards initial deposit (EMD) pending issue of allotment letters to the applicants.

We are not in a position to quantify the exact quantum of understatement of sales due to non furnishing of information.

The adoption of recognition of income on receipt of full consideration will amount to recognition of income on cash basis. Further no entries are being passed on accrual basis immediately on issue/release of sanction letters by the corporation and consent by the applicants.

4) Treatment of transactions pertaining to Industrial Area Local Authority (Refer to Note 23 of the Financial Statements):

In our opinion, the transactions of IALA's and the impact there of on Assets and Liabilities and Profit /Loss thereof should be brought to the books of accounts and by not clubbing/consolidating the impact of these transactions:

- a) The Assets and Liabilities of the Corporation have been understated
- b) The impact of the profit/loss on account of these transactions has not been brought in books of accounts.
- c) Cash Flows are understated.

We are not in a position to quantify the impact on Assets and Liabilities and Profit/Loss due to failure on the part of the management to provide the necessary information required.

5) Administrative Buildings:

The administrative buildings situated in the zonal offices have not been treated as Fixed Assets and not calculated the depreciation as per Companies Act, 1956. Further we were informed they were included in the Inventory. We are not in a position to quantify the impact of the same on the Profit And Loss Account and the understatement of Fixed assets – Buildings and overstatement of Inventory due to non-availability of information by the management.

6) Inventory (Refer Note 12.1)

As per the information and explanation given to us there is no proper system in place with regard to reconciliation of closing stock as per physical verification and book stock. In the light of the above, we are not in a position to comment on the valuation of the inventory. Further it is observed that the closing stock of Rs 3,003.82 crores consists of a negative stock of Rs.154.91crores. For the past few years the same note is being continued without any review and reconciliation.

7) Provision for Contractual Obligations (Refer Note 7.5 and accounting policy 3.1)

During the year the corporation has made a short term provision of Rs.60.11 cr for the pending works proposed to be completed making the total provision as Rs.482.71.6cr. It appears that no proper review has been made and we are not in a position to comment whether the provision during the year is adequate or inadequate.

8) Conversion Charges(Refer Note 17.5)

As per the information and explanation given to us, the corporation has created a liability to the tune of Rs.298.51crores as conversion charges payable by various Industrial estates .Out of the above said liability only Rs 9.25crores have been included in the cost of sales during the year under consideration leaving the balance in the stock in trade – Land. The company has failed to identify the quantum of amount that is chargeable to sales pertaining to previous years and should disclose such amount as Prior period expenditure.

9) Provision for Bad and Doubtful Debts :

We are not in a position to comment upon the adequacy or inadequacy of the provision for bad and doubtful debts.

10) Understatement of Minority Interest and Over statements of Reserves & Surplus:

In respect of Krishnapatnam International Leather Complex Private Limited, An amount of Rs.25.00 Crores of capital - grant – in aid of has been clubbed under Profit and Loss account without calculating the minority Interest. As a result of Minority interest is understated by Rs.12.25crores and the profit and loss account is overstated equivalent amount.

11) The inter group balances in respect of Krishnapatnam International Leather Complex Private Limited , Fab City SPV (India) Private Limited and Vishakapatnam Industrial Water Supply Company has not been properly set off in view of the non reconciliation of account balances with respective companies.

12) Overstatement of revenue & investments:

Consolidated financial statements include profit of RS 60.77 crores in respect of eight entities though the APIIC does not hold 20% of their equity. As per AS 23 there is no requirement to club profit unless the investment 20% or more. The similarly the investments are also overstated to the tune of equivalent amount.

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required subject to above comments mentioned under qualified opinion. and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the APIIC Group as at March 31, 2014;

- b) in the case of the consolidated Profit and Loss Account, of the profit of the of APIIC Group for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the Cash Flows of the APIIC Group for the year ended on that date.

Emphasis of Matter

1. FULL CONSOLIDATION (Refer Note 25.4):

With regard to consolidation for five subsidiary companies has been fully consolidated out of which only ANDHRA PRADESH GAS INFRASTRUCTURE LIMITED audited by other auditor and the balance four companies are consolidated based on provisional annual accounts

2. PROPRIATE CONSOLIDATION (REFER NO.25.4)

THE 49% JOINT Venture Vishakhapatnam industrial water supply company (VIWSCO) Consolidated on propionate method based on provisional annual accounts

3. EQUITY METHOD ((REFER NO.25.4)

Equity method has been adopted in respect of joint ventures were in the shareholding is more than 11% and twelve companies have been consolidated. Out of the above one company namely Cyberabad Trustee Company Limited (HIVE Fund) has been consolidated based on the provisional annual accounts.

4. Non Confirmation (Refer Note 15.2 and 6):

Attention is drawn to the Note No 15.2 wherein the corporation has confirmed the balances of sundry debtors , Loans and Advances and are yet to be reconciled with respective parties. Similarly Trade payables , Loans and advances shown under Note 6 are yet to be confirmed and reconciled.

5. Interest income and Interest Expenditure not bought to the books of accounts.(Please refer to Note No.4a)

6. In respect of Boulder Hills Leisure Private Limited:

a. The statutory auditors have not been able to obtain appropriate audit evidence to provide a basis for an audit opinion , accordingly they did not express an opinion on the financial statements.

7. In respect of Cyberabad Convention Centre private Limited:

a. Non allotment of shares to the applicant and outstanding for more than six months as at 31st March 2014 not in compliance with the provisions of Foreign Exchange Management Act , 1999 and the statutory auditors have further commented that they are unable to comment on the consequential effects if any on the Financial Statements.

8) In respect of Emaar Hills Township Private Limited:

- a) Trade payables include an amount payable to the ultimate holding company Emaar properties PJSC towards import of Fixed assets and reimbursement of expenses aggregating to Rs.10,53,95,502 (As at 31st March 2013 Rs 9,53,75,415) which has been outstanding for a period of more than three years as at 31st March 2014 which is not in compliance with the provisions of Foreign Exchange Management Act , 1999.
- b) Other current liabilities include share application money amounting to Rs.11,47,97,764 (as at 31st March 2013 Rs.11,47,97,764) against which no equity shares have been issued and which has been outstanding for a period of more than 180 days as at 31st March 2014 which is not in compliance with the provisions of Foreign Exchange Management Act , 1999
- c) The company has received legal notice from Andhra Pradesh Industrial Infrastructure Corporation Limited(APIIC) stating that the development agreement entered into with EMAAR MGF Limited (Co developer) is illegal and void. Further the company and co

developer have been subjected to litigations relating to the allegations of irregularities in allotment of project land , stoppage of registration of properties , Injunction restraining the company from creating third party interests etc which are being contested by the company. Further CBI has conducted an inquiry and filed a charge sheet alleging irregularities in execution of development agreement cum GPA and agency agreement and Enforcement Directorate has attached certain properties of the company to the tune of Rs.64.41 crores (As at 31st March 2013 Rs 64.41 crores). Pending resolution of disputes , the statutory auditors were unable to comment upon the appropriateness and completeness of revenue recognized in current year and upon to date revenue Rs.Nil (As at 31st March 2013 Rs.Nil) and Rs.48,26,19,521 (As at 31st March 2013 Rs. 48,26,19,521), recoverability of trade receivables of Rs.29,48,07,427(As at 31st March 2013 Rs.29,81,43,802), advances of Rs.3,01,21,063(As at 31st March 2013 3,01,35,985) , the ability of the company to continue its operations in the foreseeable future and other consequential impact , if any on the financial statements.

- d) The Income tax department has raised the certain demands on the company aggregating to Rs.1,24,15,90,577(As at 31st March 2013 Rs.1,16,14,91,752) and has further proposed certain adjustments aggregating to Rs.33,31,70,867(As at 31st March 2013 Rs.33,31,70,867) to the assessed income which are being contested by the company. Additionally tax recovery officer has attached the entire land of the company to enforce the aforesaid demands. Pending resolution of the matter , the statutory auditors were unable to comment upon the impact of the above said demands on the financial statements.

Other Matters :

1. In respect of subsidiaries, Joint Ventures and associate companies, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included in respect of the subsidiaries company is based solely on the reports of the other auditor. The details of assets , revenues and net cash flows in respect of the Subsidiaries to the extent which it is included in the consolidated financial statements are given below

(RUPEES IN LAKHS)

S.NO	Type of company	Audited or provisional	Total assets	revenues
1	SUBSIDIARIES	AUDITED	1600.49	(224.45)
2	ASSOCIATES	AUDITED	-	6477.22

1. We have relied on the unaudited financial statements of subsidiaries whose aggregate total assets of 8536.79 lakhs as at March 31 2014, total revenues of 105.18 lakhs. Joint ventures whose aggregate total assets of RS.4511.51 , total Revenues of Rs178.07 and Associates whose total revenues of RS.(70.77) lakhs have been consolidated . The unaudited financials are furnished by the management and our report insofar as it relates to these companies is solely based on such unaudited financial statements and the net cash flows of subsidiaries, joint ventures & associates included in RS. 3386.76lakhs

Our opinion is not qualified in respect of other matters.

For Jawahar And Associates
Chartered Accountants
FRN: 001281S

Sd/-
V.Umapathi
Partner, M.No.21887

Place : Hyderabad
Date : 27th September 2014.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27.09.2014.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Andhra Pradesh Industrial Infrastructure Corporation Limited for the year ended 31 March 2014. 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 619(4) of the Companies Act, 1956 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.

Comments on Accounting Policies and Notes to Accounts

Notes to Accounts

A reference is invited to Notes to Accounts No 6.5 wherein it was stated that an amount of `298.52 Crores has been provided towards land conversion fee during the year. There is no disclosure of the total demand of `1294.61 crore raised by Revenue Authorities of the erstwhile Government of Andhra Pradesh in respect of land conversion charges including reasons for not providing for the entire amount of demand in the books of accounts and status of persuasion with the State Government for withdrawal of the balance demand. The above Note is inadequate to that extent.

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

Sd/-
(LATA MALLIKARJUNA)
ACCOUNTANT GENERAL (E&RSA)

Place: Hyderabad

Date: 13.02.2015