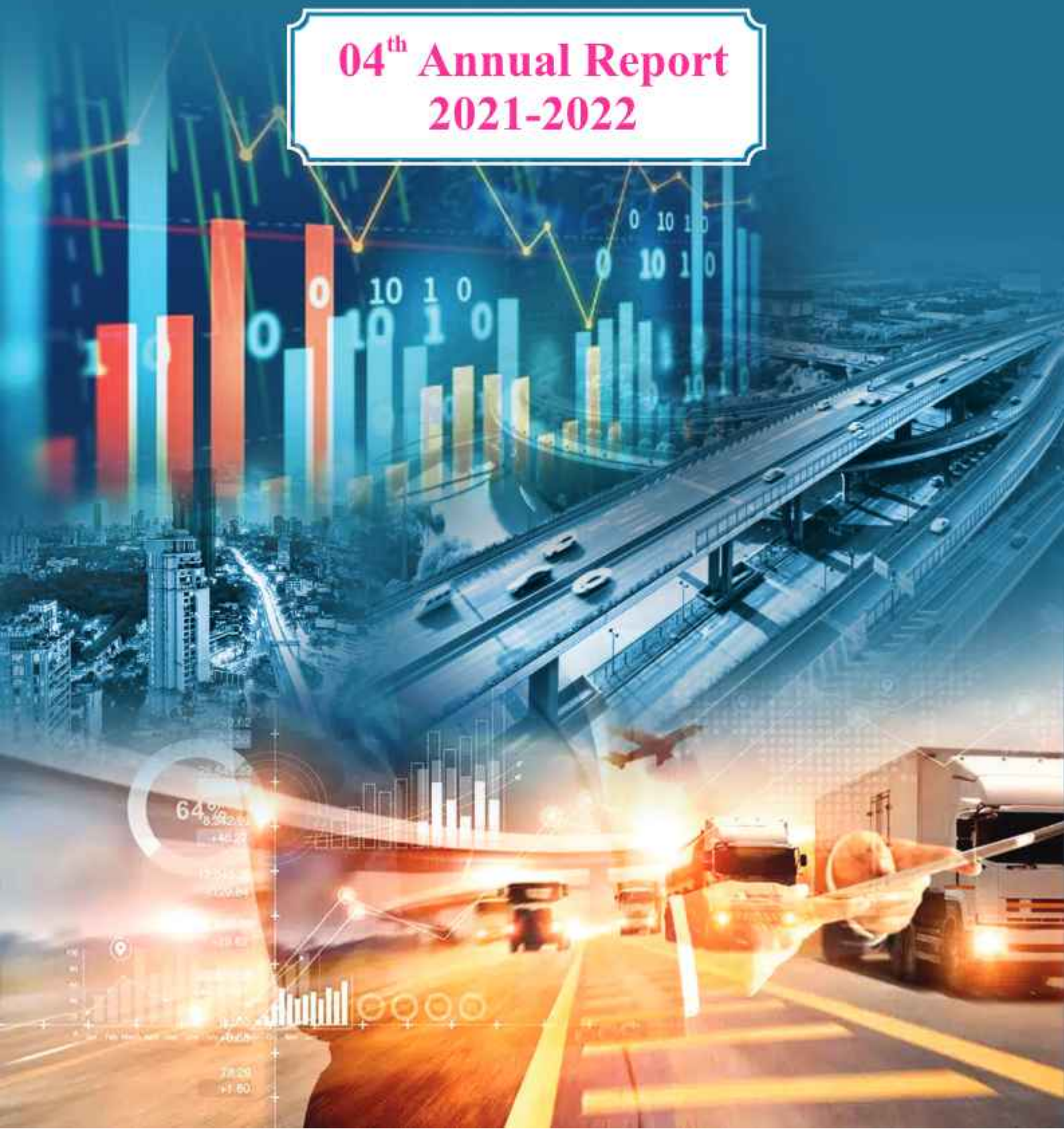




**NICDIT KRISHNAPATNAM
INDUSTRIAL CITY DEVELOPMENT
LIMITED**

**04th Annual Report
2021-2022**







**NICDIT KRISHNAPATNAM
INDUSTRIAL CITY DEVELOPMENT
LIMITED**


**04th Annual Report
2021-2022**





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Corporate Information FY-2021-22

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED

BOARD OF DIRECTORS:

S.No.	Name of Director	Designation
1.	Shri. Ramakrishnan Karikalvalaven, IAS (Special Chief Secretary to Govt., I&C Dept.)	Chairman & Director (Nominated by APIIC)
2.	Shri. J.V.N. Subramanyam, IAS (VC & MD of APIIC)	Managing Director (Nominated by APIIC)
3.	Shri. Shan Mohan Sagili, IAS Additional Commissioner, APICDA	Director (Nominated by APIIC)
4.	Shri. Abhishek Chaudhary VP- Corporate Affairs, HR & Company Secretary, NICDC Ltd	Director (Nominated by NICDC)
5.	Shri Pradeep Kumar Agarwal Chief Financial Officer, NICDC Ltd	Director (Nominated by NICDC)
6.	Shri. Srikanth Kommu (General Manager (P&T., NICDC Ltd)	Director (Nominated by NICDC)

CORPORATE IDENTIFICATION NUMBER

U45200AP2018PLC108963

REGISTERED OFFICE:

10th Floor, APIIC Towers,
Plot No.: 1, IT Park,
Mangalagiri, Guntur-522503,
Andhra Pradesh, India

AUDITORS:

M/s. Kommuru Associates
Statutory Auditors
Appointed by C&AG

BANKERS:

Union bank of India
State bank of India

NOTICE OF ADJOURNED 04th ANNUAL GENERAL MEETING

SHORTER NOTICE IS HEREBY GIVEN THAT THE ADJOURNED FOURTH (04TH) ANNUAL GENERAL MEETING OF THE MEMBERS OF NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED WILL BE HELD TENTATIVELY ON WEDNESDAY, THE 27TH DAY OF SEPTEMBER 2023 AT 04.30 P.M THROUGH VIDEO CONFERENCING (“VCM”)/OTHER AUDIO-VISUAL MEANS (“OAVM”).

ORDINARY BUSINESS

ITEM NO.1

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2022 together with the Reports of the Board of Directors and the Auditors thereon.

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

“RESOLVED THAT the Auditor’s report on Annual Financial Statements of the company for the year ended 31st March 2022 be and is hereby taken note of.”

“RESOLVED FURTHER THAT the comments of C&AG on Annual Accounts of the company for the year ended 31st March 2022 be and is hereby taken note of.”

“RESOLVED FURTHER THAT the Audited Annual Accounts of the company comprising of the Balance Sheet as at 31st March 2022 and Statement of Profit and Loss for the year ended on that date along with the Cash Flow Statement as at 31st March 2022 and the explanatory notes annexed thereto or forming part of any document referred above be and are hereby approved;”

“RESOLVED FURTHER THAT any of the Director/Company secretary of the company be and is hereby severally authorized to initiate and complete the requisite acts, deeds, things, including but not limited to filing of AOC 4 XBRL with the Registrar of Companies, as may be required in this regard.”

By order of the Board

For NICDIT Krishnapatnam Industrial City Development Limited

Sd/-

Mr. CH.N.V.Rambabu
Company Secretary

Date: 27.09.2023

Place: Mangalagiri

NOTES:

- Pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 02/2021 dated January 13, 2021, the Physical attendance of the members to the AGM venue is not required and hence the 03rd Adjourned Annual General Meeting (AGM) of the Company will be held through video conferencing (VC) or other audio-visual means (OAVM).
- Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporate is entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
- The Members can join the AGM in the VC/OAVM mode shall be open 15 minutes before the time schedule i.e., 04:30 P.M. on 27th Day of September, 2023.
- The shareholders are requested to use the following VC/OAVM link to join the meeting.
Topic: Notice for Adjourned 04th AGM of NICDIT Krishnapatnam Industrial City Development Limited tentatively scheduled to be held on 27.09.2023 at 04:30 P.M - Reg.
Time: Sep 27, 2023 04:30 P.M ISD

Teams Meeting

https://teams.microsoft.com/l/meetup-join/19%3ameeting_MTMynZJmZTUtYmMyYS00ZDlhLTlhYWItNTEwZjkxMzhkNGIz%40thead.v2/0?context=%7b%22Tid%22%3a%226079a165-ea59-4b37-9071-09dd4defca61%22%2c%22Oid%22%3a%22f77c338c-13d3-4a47-a9f8-6c77d842a022%22%7d

Meeting ID: 446 056 758 968

Passcode: JdgzoG

- The attendance of Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- Member(s) are requested to notify immediately any change in their address to the Company at the Registered Office.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses to the Company at its registered office address.
- Corporate members intending to send their authorized representatives to attend the Meeting are requested to bring the Authorization letter along with a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- The Register of Directors and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.

- The Meeting will be convened at a short notice after obtaining consent of the members as per the provisions of the Companies Act, 2013, read with the Articles of Association of the Company.

**By order of the Board
For NICDIT Krishnapatnam Industrial City Development Limited**

**Sd/-
Mr. CH.N.V.Rambabu
Company Secretary**

**Date: 27.09.2023
Place: Mangalagiri**

NOTICE OF 04th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FOURTH (04TH) ANNUAL GENERAL MEETING OF THE MEMBERS OF NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED WILL BE HELD ON WEDNESDAY, THE 28TH DAY OF DECEMBER 2022 AT 11.25 A.M THROUGH VIDEO CONFERENCING (“VCM”)/OTHER AUDIO-VISUAL MEANS (“OAVM”).

ORDINARY BUSINESS

ITEM NO.1

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2022 together with the Reports of the Board of Directors and the Auditors thereon.

ITEM NO.2

To appoint a Director in place of Mr. Pradeep Kumar Agarwal (DIN: 01683484), who retires by rotation and being eligible offers himself for re-appointment.

ITEM NO.3

To consider, take note and approve the appointment of M/s. Kommuru Associates as Statutory Auditors by Comptroller & Auditor General of India

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

“RESOLVED THAT pursuant to Section 139, 142 and such other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, subject to statutory modification[s] or re-enactment thereof for time being in force, the members of the Company be and hereby take note of appointment of M/s. Kommuru Associates, as Statutory Auditors of the Company by Comptroller & Auditor General of India vide letter No./CA.V/COY/ANDHRA PRADESH, NKICDL (1)/984, dated 07/09/2022.”

SPECIAL BUSINESS

ITEM NO.4

To regularize the appointment of Dr. Srijana Gummalla, IAS (DIN: 08500020), as Nominee Director of the Company and designated as Managing Director

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

"RESOLVED THAT pursuant to the provisions of Section 152, 161(1) & (3), 196 and any other applicable provisions of the companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, subject to the statutory modification(s) or reenactment thereof for time being in force and subject to the enabling provisions of the Articles of Association of the Company, consent of the Members of the Company be and hereby accorded to ratify the appointment of Dr. Srijana Gummalla, IAS (DIN: 08500020), as Nominee Director of the Company and designated as Managing Director of the company for a period of 5 years, who was appointed as additional Director of the company with effect from 21st October, 2022."

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

By order of the Board

For NICDIT Krishnapatnam Industrial City Development Limited

Sd/-

Mr. CH.N.V.Rambabu

Company Secretary

Date: 27.12.2022

Place: Mangalagiri

NOTES:

- In view of the massive outbreak of the COVID-19 Pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 02/2021 dated January 13, 2021, the Physical attendance of the members to the AGM venue is not required and hence the 4th Annual General Meeting (AGM) of the Company will be held through video conferencing (VC) or other audio visual means (OAVM).
- Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporate is entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
- The Members can join the AGM in the VC/OAVM mode shall be open 15 minutes before the time schedule i.e., 11:25 A.M. on 28th Day of December, 2022.
- The VC/OAVM link will be sent to the shareholders at their registered email address, before the date of meeting.
- The attendance of Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- Member(s) are requested to notify immediately any change in their address to the Company at the Registered Office.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses to the Company at its registered office address.
- Corporate members intending to send their authorized representatives to attend the Meeting are requested to bring the Authorization letter along with a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- The Register of Directors and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
- The Meeting will be convened at a short notice after obtaining consent of the members as per the provisions of the Companies Act, 2013, read with the Articles of Association of the Company in respect of which a format of the written consent is attached as Annexure II to the Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

The following Explanatory Statements, as required under Section 102 of the Companies Act, 2013, set out all material facts relating to the business under Item No. 4 of the accompanying 04th AGM Notice.

ITEM NO 4

It is hereby brought to the notice of the Board that the Govt of Andhra Pradesh, I & C (Infra) Department has issued the GO. MS. No. 67, Dt. 06.09.2021 directing that Vice Chairman & Managing Director of APIIC shall act as a Managing Director of NICDIT Krishnapatnam Industrial City Development Ltd (NKICDL). Pursuant to G.O. Rt. No. 2209 dated 21.10.2022 the Board of Directors through circular resolution dated 17.11.2022 appointed Dr. Srijana Gummalla, IAS, (DIN: 08500020) as Additional Director of the Company with effect from 21st October, 2022, as nominated by APIIC. The Board of Directors as per G.O.Rt.No. 67, dt 06.09.2021 proposed to regularize the appointment of Dr. Srijana Gummalla, IAS, (DIN: 08500020) as Nominee Director and designated as a Managing Director of the Company with effect from 21.10.2022.

The Board of Directors has proposed the members of the Company to approve the appointment of Managing Director of the company.

Your Board recommends the resolution at set out in Item No. 4 for approval of the members as Ordinary resolution.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives, in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

By order of the Board

For NICDIT Krishnapatnam Industrial City Development Limited

Sd/-

Mr. CH.N.V.Rambabu

Company Secretary

Date: 27.12.2022

Place: Mangalagiri

BOARD'S REPORT

**To
The Members,
M/s. NICDIT Krishnapatnam Industrial City Development Limited,
Mangalagiri**

Your Directors have pleasure in presenting the 4th (Fourth) Board's Report on the affairs of the Company for the year ended on 31st March, 2022.

1. FINANCIAL RESULTS

The Company's financial performance, for the year ended 31st March, 2022 is summarized below:

Particulars	Year ended 31st March, 2022 (Rupees in Lakhs)	Year ended 31st March, 2021 (Rupees in Lakhs)
Revenue from Operations	0.00	0.00
Other Income	1917.60	26.94
Total Revenue	1917.60	26.94
Expenses	561.30	286.15
Depreciation	497.00	7.50
Profit/(loss) Before exceptional and extraordinary items and Tax	859.30	(266.71)
Less: exceptional and extraordinary items	0.00	0.00
Profit/ (loss) Before Taxation	859.30	(266.71)
Less: - Current Tax	235.20	.00
Less: - Deferred Tax	5.00	(4.28)
Profit / (loss) After Tax	619.20	(262.43)
Other Comprehensive Income/loss for the year	0.00	0.00
Total Comprehensive Income/(loss) for the year	619.20	(262.43)

2. STATE OF THE COMPANY'S AFFAIRS

M/s NICDIT Krishnapatnam Industrial City Development Limited (NKICDL) is an unlisted Public Limited Company and was incorporated on 07th August 2018 under the Companies Act 2013. NICDIT Krishnapatnam Industrial City Development Limited (NKICDL) is 50:50 joint venture company of National Industrial Corridor Development and Implementation Trust (NICDIT) and the Government of Andhra Pradesh, represented by Andhra Pradesh Industrial Infrastructure Development Corporation Limited (APIIC) incorporated for development of Krishnapatnam Node which is a part of Chennai Bengaluru Industrial Corridor.

The Company has earned a profit of Rs. 619.20 Lakhs during the year under review as against the loss of Rs. 262.43 Lakhs of previous financial year 2020-2021.

3. CHANGE IN NATURE OF BUSINESS

There are no changes in the nature of Business.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

During the period under review, there were changes in the constitution of Board.

As on the date of report, the Board of Directors of the Company constitutes following:

<u>S.No.</u>	<u>Name of Director</u>	<u>Designation</u>
1.	Shri. Ramakrishnan Karikalvalaven, IAS	Chairman & Director (Nominated by APIIC)
2.	Shri. J.V.N. Subramanyam, IAS	Managing Director (Nominated by APIIC)
3.	Shri. Shan Mohan Sagili, IAS	Director (Nominated by APIIC)
4.	Shri Pradeep Kumar Agarwal	Director (Nominated by NICDC)
5.	Shri. Abhishek Chaudhary	Director (Nominated by NICDC)
6.	Shri. Srikanth Kommu	Director (Nominated by NICDC)
7.	Mr. Paleti Venkateshwararao	CFO (KMP)

During the period under review, the following changes took place in the Board of Directors and Key Managerial Personnel:

- APIIC has withdrawn the nomination of Shri Raveen Kumar Reddy Kunati as nominee Director of the Company w.e.f. 19.05.2021.
- APIIC has nominated Shri Shan Mohan Sagili (07972835) as Additional Director of the Company w.e.f. 25.08.2021.
- Mr. Paleti Venkateshwararao was appointed as CFO (KMP) w.e.f. 12th October, 2021.
- APIIC has Nominated Shri. Javvadi Venkata Naga Subramanyam, as Managing Director on the Board of the company w.e.f. 21.12.2021.

In view of the applicable provisions of the Companies Act, 2013, the Company is mandatorily required to appoint any whole time Company Secretary for the company. The management of the Company has appointed Shri CH.N.V.Rambabu as Company Secretary w.e.f. 03.08.2022.

5. A STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR.

There is no Independent Director on the Board of the Company, hence the above clause is not applicable to the Company.

6. THE NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

The Company does not have any Subsidiary, Joint Venture or an Associate Company.

7. THE DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER-V OF THE ACT

Sl. No.	Particulars	Remarks
1	accepted during the year;	NA
2	remained unpaid or unclaimed as at the end of the year	NA
3	whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved- (i) at the beginning of the year (ii) maximum during the year; (iii) at the end of the year;	NA NA NA

8. THE DETAILS OF DEPOSITS WHICH ARE NOT IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER V OF THE ACT

The Company has not accepted any Deposits during the year and there are no outstanding or overdue deposits as on this date within the meaning of Section 73 of the Companies Act, 2013 as amended and in force.

9. THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

10. THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed, nevertheless such systems are continuously and from time to time evaluated for their efficacy and improvements, if any, required are implemented.

11. THE PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188

All the related party transactions that were entered during the financial year were in the ordinary course of business of the Company and were on an arm's length basis.

During the period under review, the Company has no materially significant related party transactions entered by it with the promoters, directors, key managerial personnel or other persons which may have a potential conflict with the interest of the company.

Particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 under third proviso thereto shall be disclosed in Form No. AOC-2 is appended as Annexure - I to the Board's Report.

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

Conservation of Energy, Technology Absorption

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company during the year under review.

Foreign Exchange Earnings and Outgo

Particulars	Amount in Rupees
Foreign Earnings	-
Foreign Expenses	-

13. A STATEMENT INDICATING HOW THE BOARD HAS MADE THE FORMAL ANNUAL EVALUATION OF ITS OWN PERFORMANCE, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

In accordance with Section 134(p) of Companies Act 2013, Every listed company and every other public company having a paid-up share capital of twenty-five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

The comprehensive assessment of the Board's performance during the reporting period highlights a commitment to governance excellence, fostering collaboration, and achieving strategic objectives. Key strengths observed include effective communication, sound decision-making, and a dedication to upholding the organization's values. Opportunities for improvement have been identified and will be addressed to further enhance the Board's effectiveness in fulfilling its vital role in guiding our organization toward its mission and vision."

14. COST AUDITORS

The provisions of Section 148 of the Companies Act, 2013 does not apply to the Company and hence, no Cost Auditors are appointed.

15. MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report.

16. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The requirement of disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 is only applicable when there are more than 10 employees.

The employees employed in the Company being less than 10, the company is not required to make any disclosures.

17. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 OF 2016) during the year.

18. DIVIDEND

The Company has not declared any dividend this year hence dividend is not applicable.

19. TRANSFER TO RESERVES

No amount was transferred to the reserves during the financial year ended 31st March, 2022.

20. DEPOSITS

The Company has not accepted any Deposits during the year and there are no outstanding or overdue deposits as on this date within the meaning of Section 73 of the Companies Act, 2013 as amended and in force.

21. SHARE CAPITAL

During the year under review, there was a change in the Share Capital of the Company. The authorized share capital of the Company as on March 31, 2022 is Rs. 1250,00,00,000/- divided into 125,00,00,000 equity shares of Rs. 10/- each. Also, issued, subscribed and paid-up capital of the Company as on March 31, 2022 is Rs. 10,44,20,62,400/- divided into 1,04,42,06,240 equity shares of Rs.10/- each.

Pursuant to the rights issue made on 24.08.2021, and the circular resolution passed by the Board of Directors of the Company on 03.11.2021, 13,77,57,672 (Thirteen Crores Seventy-Seven Lakhs Fifty-Seven Thousand Six Hundred Seventy-Two) equity shares of Rs. 10/- each aggregating to Rs. 137,75,76,720/- (Rupees One Hundred Thirty-Seven Crores Seventy-Five Lakhs Seventy-Six Thousand Seven Hundred and Twenty Only) were allotted by offering 6,88,78,836/- (Six Crore Eighty-Eight Lakhs Seventy-Eight Thousand Eight Hundred and Thirty-Six) Equity shares of Rs. 10/- each (Rupees Ten only) aggregating to Rs. 68,87,88,360/- (Sixty-Eight Crores Eighty-Seven Lakhs Eighty-Eight Thousand Three Hundred and Sixty Only) by transfer of leasehold rights to the Company and equal number of equity shares shall be issued to the trustee members, NICDIT Trust for cash in the proportion of 50:50 with the rights issue entitlement ratio of 1:0.151975166.

22. MEETINGS OF THE BOARD OF DIRECTORS

During the financial year ended 31st March 2022, 3 Meetings of the Board of Directors of the Company were convened and held on 24th August, 2021, 21st December, 2021 and 8th February, 2022. Except for the first quarter meeting of the Board of Directors of the Company, the intervening gap between the Meetings was within the period of 120 days. MCA vide General circular no. 11/2020 dated 24th March 2020 has given relaxation for the first quarter due to impact of COVID-19 pandemic.

23. LOANS, GUARANTEES AND INVESTMENTS

During the financial year under review, the Company did not give any loans, directly or indirectly to any person or to other body corporate, nor did it give any guarantee or provide any security in connection

with loan to any other body corporate or person exceeding the limits as specified under Section 186 of Companies Act, 2013. The details of loans given are disclosed in the note no. 7 under Notes to Financial Statements for FY 2021-22. Further, the Company has not made any investments in terms of Sec.186 of the Companies Act, 2013 during the year under review.

24. ANNUAL RETURN

As per Section 92(3) of the Companies Act, 2013 every company shall place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in the Board's report.

Pursuant to the provision of Section 92 (3) of the Companies Act, 2013 the Annual return for the financial year ended 31st March 2022 is placed on the website of the Company at <https://kriscity.in>

25. SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

26. RISK MANAGEMENT

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same is also subject to its review from time to time. Risk mitigation process and measures have been also formulated and clearly spelled out in the said policy.

27. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB- SECTION (6) OF SECTION 149

There being no Independent Director on the Board of the Company, there was no declaration submitted by independent director under sub- section (6) of section 149 of the Companies Act 2013 during the year.

28. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the period under review, the Company does not fall under the applicability criteria of CSR. Hence, the Company had neither constituted CSR committee nor adopted CSR policy.

29. STATUTORY AUDITORS AND AUDITOR'S REPORT

M/s. Kommuru Associates, Chartered Accountants were appointed as Statutory Auditors of the Company by Comptroller & Auditor General of India vide letter No./CA. V/COY/ANDHRA PRADESH, NKICDL(1)/1680, dated 27/08/2021 for FY 2021-22.

There were no qualifications in the Statutory Audit Report issued by M/s. Kommuru Associates, Chartered Accountants, on the financial statements of the Company for the Financial Year 2021-22.

The C&AG has appointed M/s Kommuru Associates, Chartered Accountants vide its letter V/ COY/ANDHRA PRADESH, NKICDL(1)/984 dated 07/09/2022 as the statutory Auditors for Financial year 2022-23.

30. BOARD'S COMMENTS ON THE STATUTORY AUDIT AND C&AG REPORT

The report issued by Statutory Auditors, when read together with the relevant notes to the accounts and accounting policies are self-explanatory and the report do not contain any qualifications.

The Supplementary Audit Report received from the office of Comptroller and Auditor General of India bearing Lr. No. PAG(AU)/AP/TSC-1/NKICDL/2023-24/169 dated 30/08/2023 for the FY- 2021-22 has following comments. The management responses to the comments on the C&AG report are as follows:

Sl. No.	C & AG Comments	Management Response
1	<p><u>Other Expenses (Note-19): 5.37 crore</u></p> <p>Other expenses of Rs. 5.37 Crore include Rs. 4.67 Crore towards the expenditure incurred on consultants appointed as Programme Manager for New Cities (PMNC), which was in the nature of capital expenditure. Hence, the same should have been recognized as Capital Work in Progress (CWIP) and apportioned among projects on a suitable basis, on completion instead of recognizing as revenue expenditure. Thus, incorrect accounting treatment results in overstatement of Other Expenses by 24.67 crore and understatement of CWIP by 24.67 crore with corresponding understatement of Profit for the year to the same extent.</p>	<p>It is to inform that the first year PMNC milestones/activities were generic in nature and non-project specific and cannot be attributed/apportioned amongst projects. Hence, the same has been treated as revenue expenditure and was not capitalized in the books of accounts. Relevant information and detailed explanations were provided during the course of audit explaining the rationale. Hence, there is no over-statement of Other Expenses and understatement of CWIP and profit for the year.</p> <p>While ascertaining the nature of PMNC expenditure for ensuing financial year, the milestones/activities will be reviewed as to their nature and appropriate disclosures will be made while finalizing the accounts for the FY 2022-23.</p>
2	<p><u>Other Current Assets Loans (Note-7): 300 Crore.</u></p> <p>The Company deposited 300 crore in the form of Inter Corporate Deposit (ICDs) with AP State Financial Services Corporation Ltd (APSFSCCL) in August 2021 for a tenure of six months maturity, i.e., by February 2022, whereas the deposited amount (300 crore) was not returned by APSFSCCL as on 31 March 2022 after the maturity of ICDs. Since ICDs were neither renewed nor any Loan agreement with APSFSCCL was in place, the classification of the same as 'Loans</p>	<p>The Outstanding amounts lying with APSFSCCL as at 31st March 2022 have been classified as Loans under Financial Assets line item as it is in the nature of Financial Assets as stipulated in IND AS. It doesn't take the nature of Other Current Asset as the underlying transaction is that of amounts receivable in cash.</p> <p>Hence, there is no under-statement of Other Current Assets and overstatement of Loans Receivables. Further, the present disclosure does not have any net impact on the Balance Sheet as both Financial Assets-Loans and Other Current Assets fall under</p>

	<p>receivable' (Note-6) is not correct. Instead, the same should have been disclosed under Other Current assets in the nature of receivables. Thus, incorrect classification resulted in understatement of Other Current assets and overstatement of Loans Receivables by ₹ 300 crore.</p>	<p>the line item – Current Assets.</p> <p>The audit comment is noted for future guidance and necessary action required if any will be taken while finalizing the accounts for the FY 2022-23.</p>
3	<p>Disclosure.</p> <p>As on 31 March 2022, the Company issued 51,96,03,120 Equity shares of ₹10 each to Andhra Pradesh Industrial Infrastructure Corporation (APIIC) for consideration other than cash, i.e., towards cost of the land admeasuring 2019.8 Acres transferred to the Company. However, the same was not disclosed in the Note-9 (Equity Share Capital). Non-disclosure results in non-compliance with the provisions of Schedule-III of Companies Act 2013, which stipulated that the Company shall disclose, inter alia. Aggregate number and Class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash for the period of five years immediately preceding the date as at which the Balance Sheet is prepared</p>	<p>It is to inform that vide note no.9b, it is disclosed that “The ratio of shareholding of NICDIT and APIIC in the company is 50% and 50% respectively. APIIC's equity contribution in share capital is by the way of lease of 1814.51 Acres of land in Krishnapatnam Node through lease agreement executed between APIIC and the Company dated 26.03.2021 with document no. 1096/2021. An amount equivalent to the lease value of the land provided by APIIC in line with above stated Lease agreement i.e., Rs. 450,72,42,840 (Rs. 24.84 Lacs per acre approved as per Cabinet Committee on Economic Affairs) is transferred by NICDIT on 31.03.2021 and during FY 21-22, Second Rights issue has been made by NKICDL for 13,77,57,672 shares in which APIIC's equity contribution is by the way of lease of 277.29 Acres of land in Krishnapatnam Node through lease agreement executed between APIIC and the Company dated 28.08.2021 with document no. 1817/2021. An amount equivalent to the lease value of the land provided by APIIC in line with above stated Lease agreement i.e., Rs. 68,87,88,360 (Rs. 24.84 Lacs per acre approved as per Cabinet Committee on Economic Affairs) is transferred by NICDIT on 06.09.2021. With regard to the above two tranches of transfer of lease hold rights stamp duty has been exempted by Go.A.P vide G.O.MS.NO 76.”</p> <p>Further, the provisional comment is noted for future guidance and necessary action</p>

		will be taken while finalizing the accounts for the FY 2022-23. The same will be included while printing Annual report for Financial Year 21-22 since these do not have any financial impact and are disclosures only.
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31. REPORTING OF FRAUDS BY AUDITORS

During the year under review, the statutory auditors has not reported the Board, under Section 143 (12) of the Companies Act, 2013, any instance of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

32. SECRETARIAL AUDITORS:

In terms of Section 204 of the Act and Rules made there under, the company is required to appoint the Secretarial Auditor for the FY-2021-22. The Company in its 17th Board Meeting held on 29th September 2022 has appointed Mr. N.V.S Naga Raju, Practicing Company Secretary as Secretarial Auditor to conduct the secretarial Audit for Financial year 2021-22.

The report issued by the secretarial Auditor has following observations:

Sl. No.	Secretarial Auditor Observations	Management Response
1	As on the end of Financial Year 31 March 2022 the Company was yet to appoint the Company Secretary in whole time employment as required under the provisions of section 203 of the companies act 2013.	The Company has appointed Mr. N.V. Rambabu Choppala as Company secretary in whole time employment after the closure of financial year.
2	Company had delayed in filing few forms with Registrar of Companies beyond due date.	Due to internal protocol in finalization of Board minutes, the forms were filed with delay. However, the management will try to avoid the delay filings.

The secretarial audit report issued by N.V.S. Nagaraju, PCS is enclosed as Annexure - II

33. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF 178 OF THE COMPANIES ACT, 2013.

The provisions of Section 178(1) read with Rule 6 of Companies (Meetings of Board and its powers) rules 2019 relating to constitution of Nomination and Remuneration Committee are applicable to the Company. The Company is in the process of constituting the Nomination and Remuneration Committee and also in the process of framing the policy on directors' appointment and remuneration including

criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of 178 of the companies act, 2013.

34. INTERNAL CONTROL

The Company has a proper and adequate system of internal control to ensure all the assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, regarded and reported correctly.

The internal control is supplemented by an extensive program of internal audits, review by management and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets. Normal forcible risks of the Company's Assets are adequately covered by comprehensive insurances.

35. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The provisions of Section 177 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is applicable to the Company. The Company is in the process of constituting the Audit Committee.

36. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- i. in the preparation of the annual accounts for the year ended 31st March, 2022, the Company has followed the applicable accounting standards and there are no material departures from the same.
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2022 and of the profit of the Company for that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. the Directors have prepared the annual accounts on a 'going concern' basis.
- v. the Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company.
- vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

37. ACKNOWLEDGEMENTS

Your Directors wish to place on record their deep sense of appreciation for the committed services of the employees.

Your Directors also place on record their appreciation for the assistance, cooperation and support received from the Government of Andhra Pradesh, the Government of India, Banks and vendors.

Your Directors thank the shareholders for their support and confidence reposed in the company and the management and look forward to their continued co-operation and support.

For and on behalf of the Board of
**NICDIT KRISHNAPATNAM INDUSTRIAL CITY
DEVELOPMENT LIMITED**

Date: 27.09.2023
Place: Mangalagiri

Sd/-
Dr. N. Yuvaraj, IAS
Chairman
(DIN: 06679574)

FORM NO.AOC-2
Details of contracts or arrangements or transactions not at arm's length basis:

1.	Name(s) of the related party and nature of relationship	NIL
2.	Nature of contracts/arrangements/transactions	
3.	Duration of the contracts/arrangements/transactions	
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	
5.	Justification for entering into such contracts or arrangements or transactions	
6.	date(s) of approval by the Board	
7.	Amount paid as advances, if any:	
8.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

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

a)	Name(s) of the related party and nature of relationship	APIIC Ltd
b)	Nature of contracts/arrangements/transactions	Leasing of Land
c)	Duration of the contracts/arrangements/transactions	99 Years
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Transferring of Leasehold Rights on the 277.29 acres of land for a period of 99 years vide Lease deed executed between APIIC and the Company dated 28.08.2021 registered document no. 1817/2021 for Rs. 137,75,76,720/- (Rupees One Hundred Thirty-Seven Crores Seventy-Five Lakhs Seventy-Six Thousand Seven Hundred and Twenty Only).
e)	Date(s) of approval by the Board, if any:	24.08.2021
f)	Amount paid as advances, if any:	-

For and on behalf of the Board of
**NICDIT KRISHNAPATNAM INDUSTRIAL CITY
 DEVELOPMENT LIMITED**

Date: 27.09.2023
Place: Mangalagiri

Sd/-
Dr. N. Yuvaraj, IAS
 Chairman
 (DIN: 06679574)

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2022
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the
Companies[Appointment and Remuneration Personnel] Rules, 2014]

To
The Members,
M/s. NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED,
10th Floor, APIIC Towers, Plot No.1, IT Park, Mangalagiri,
Guntur 522503, Andhra Pradesh, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED (CIN: U45200AP2018PLC108963) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2022, ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- I. The Companies Act, 2013 (the "Act") and the rules made there under and other applicable provisions of the Companies Act, 1956 which are still in force;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;

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

1. Whereas in terms of the provisions of Section 203 of the Companies Act, 2013, the Company was required to appoint the Key Managerial Personnel (KMP).

As on the end of Financial Year 31 March 2022 the Company was yet to appoint the Company Secretary in whole time employment as required under the provisions of section 203 of the companies act 2013. However, the Company has appointed Mr. N.V. Rambabu Choppala as Company secretary in whole time employment after the closure of financial year.

2. **Company had delayed in filing few forms with Registrar of Companies beyond due date. However, the same has been filed with additional fee and same has been taken on record by Registrar of Companies, Andhra Pradesh.**

We further report that:

The compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

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

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

1. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and ~~External Commercial Borrowings~~; **(Not Applicable to the Company)**
- IV. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act");
 2. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company)**
 3. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not Applicable to the Company)**
 4. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company)**
 5. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable to the Company)**
 6. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company)**
 7. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable to the Company)**
 8. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company)**
 9. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company)**
 10. The Securities and Exchange Board of India (Listing and Obligations and Disclosure requirements) Regulations, 2015. **(Not Applicable to the Company)**

i. Other laws applicable to the Company.

1. Indian Contract Act, 1872

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

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

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

Sd/-

CS. N.V.S.Naga Raju,

Practicing Company Secretary ACS.

ACS Membership No.:37767

Certificate of Practice No.: 14940

UDIN:A037767D002697248

Place: Vijayawada

Date: 13.12.2022

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

To

The Members,

M/s. NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED,

10th Floor, APIIC Towers, Plot No.1, IT Park Mangalagiri

Guntur 522503 Andhra Pradesh India

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

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

Sd/-

CS. N.V.S.Naga Raju,

Practicing Company Secretary ACS.

ACS Membership No.:37767

Certificate of Practice No.: 14940

UDIN: A037767D002697248

Place: Vijayawada

Date: 13.12.2022

PAG(Au)/AP/TSC(PSU)/AMG-II/AA/NKICDL/2022-23/

I/371250/2023



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



Lr. No.PAG(AU)/AP/TSC-I /NKICDL-FY22/2023-24/169 Date: 30-08-2023

To
Managing Director
NICDIT Krishnapatnam Industrial City Development Limited,
10th Floor, APIIC towers, Plot No.-1,
IT Park, Mangalagiri,
Guntur, Andhra Pradesh-522503

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of the NICDIT Krishnapatnam Industrial City Development Limited (NKICDL) for the year ended 31 March 2022.

Sir,

I am to forward herewith comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of NKICDL for the year ended 31 March 2022 for necessary action.

2. The date of placing the Comments along with Financial Statements and Auditors' Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meetings be furnished.

3. The date of forwarding the annual report and financial statements of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government of Andhra Pradesh for the year ended 31 March 2022 for being laid before the Legislature may also be intimated. Copy of the letter from the Legislature Secretariat indicating date on which Annual report laid before State Legislature may also be intimated.

3. Five copies of the Annual Report for the year 2021-22 may be furnished to this Office.

Encl: As above.

Yours faithfully,

BHASKAR KALLURU
Senior Deputy Accountant General

Address : 8th Floor, Stalin Central Mall, M.G.Road, Governorpet, Vijayawada - 520 002.
Website : www.cag.gov.in/ag/andhra-pradesh/en
e-mail : nganandhrapradesh@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED FOR THE YEAR ENDED 31 MARCH 2022.

The preparation of financial statements of NICDIT Krishnapatnam Industrial City Development Limited for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 29.06.2023 which supersedes their earlier report dated 29.09.2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of NICDIT Krishnapatnam Industrial City Development Limited for the year ended 31 March 2022 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory auditors and is limited primarily to inquiries of the Statutory auditors and Company personnel and a selective examination of some of the accounting records. The Audit Report has been revised by the Statutory auditors to give effect to some of my audit observations raised during supplementary audit.

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

A. Comments on Profitability

Statement of Profit and Loss

Expenses

Other Expenses (Note-19): ₹ 5.37 crore

1. The above includes ₹4.67 crore towards the expenditure incurred on consultants appointed as Programme Manager for New Cities (PMNC), which was in the nature of capital expenditure. Hence, the same should have been recognised as Capital Work in Progress (CWIP) and apportioned among projects on a suitable basis, on completion instead of recognizing as revenue expenditure. Thus, incorrect accounting treatment results in overstatement of Other Expenses by ₹4.67 crore and understatement of CWIP by ₹4.67 crore with corresponding understatement of Profit for the year to the same extent.

B. Comments on Financial Position

Balance sheet

Other Current Assets

Loans (Note-7): ₹ 300 Crore.

2. The Company deposited ₹300 crore in the form of Inter Corporate Deposit (ICDs) with AP State Financial Services Corporation Ltd (APSFSC) in August 2021 for a tenure of six months maturity, i.e. by February 2022, whereas the deposited amount (₹300 crore) was not returned by APSFSC as on 31 March 2022 after the maturity of ICDs. Since ICDs were neither renewed nor any Loan agreement with APSFSC was in place, the classification of the same as 'Loans receivable' (Note-6) is not correct. Instead, the same should have been disclosed under Other Current assets in the nature of receivables. Thus, incorrect classification resulted in understatement of Other Current assets and overstatement of Loans Receivables by ₹300 crore.

C. Comments on Disclosure.

3. As on 31 March 2022, the Company issued 51,96,03,120 Equity shares of ₹10 each to Andhra Pradesh Industrial Infrastructure Corporation (APIIC) for consideration other than cash, i.e. towards cost of the land admeasuring 2019.8 Acres transferred to the Company. However, the same was not disclosed in the Note-9 (Equity Share Capital). Non-disclosure results in non-compliance with the provisions of Schedule-III of Companies Act 2013, which stipulated that the Company shall disclose, *inter alia*, Aggregate number and Class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash for the period of five years immediately preceding the date as at which the Balance Sheet is prepared.

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

इ-3 अग्रवाल
(INDU AGRAWAL)

Place: Vijayawada

Date: 30.08.2023

Principal Accountant General (Audit)

प्रधान महालेखाकार (ले.प.)

INDEPENDENT AUDITOR'S REPORT

To the Members of

M/s. NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of M/s. NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, the statement of changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'financial statements').

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control system over financial reporting

and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 audit opinion on the financial statements.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') under section 133 of the Companies Act, 2013, of the state of affairs of the Company as at 31st March, 2022 and its Profit, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-A", a Statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(5) of the Act, we give in "Annexure-B", a statement on the matters specified by the Comptroller and Auditor – General.
3. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
 - e) On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure – C"; and

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

- (i) The Company does not have pending litigations which would impact its financial position.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education Protection Fund by the Company.

For **KOMMURU ASSOCIATES**
Chartered Accountants

Sd/-
FRN: 050011S
CA. K.V.SUBBA RAO
Partner, M. No.026688

UDIN: 22026688AWTSXK1280

Place: Guntur

Date : 29.09.2022

ANNEXURE - A TO INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure – A referred to in paragraph 1 under the heading “Report on other Legal and Regulatory Requirements” of our report of even date to the members of M/s. NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED on the financial statements for the year ended March 31, 2022, we report that:

- i)
 - a. The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment (Right of use assets). The company does not have any intangible asset.
 - b. Plant, Property and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
 - c. There are no immovable properties held by the company other than the properties in which the company is lessee.
 - d. The Company has not revalued its Property, Plant and Equipment (Right of use assets) during the year ended March 31, 2022.
 - e. There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii) The company does not have physical inventories. Accordingly reporting under clause 3 (ii) of the Order is not applicable to the company.
- iii)
 - a. The company had made deposits of the funds remaining unutilized during the year and having balance of Rs. 222.95 Crores with Union Bank of India as on 31.03.2022; and Rs. 300 Crores with AP State Financial Services Corporation Ltd (APSFSC) (by way of ICDs (Inter-Corporate Deposits) for a period of 6 months from 04.08.2021). However, APSFSC has failed to return the said ICD's on maturity, but the interest payments have been made in full. Given this for FY 21-22, total amount due of INR 300 Crore as at 31.03.2022 are disclosed as “Loans Receivables considered good - Unsecured” as they are no longer in the nature of ICD's.
 - b. The loans so disclosed were in the nature of ICDs and treated as Unsecured Loans as APSFSC has failed to return the same. Interest during the year have been made in full and has returned an amount of only INR 64.5 Crores in tranches till 20th Sep 2022, post various follow ups by NKICDL. Management of NKICDL has in line with Boards' directives have continuously followed up to get back the Maturity proceeds from APSFSC and the matter has been escalated to GoAP and as on the date of signing the financial statements the matter is with the GoAP. Considering the interest payments and cash received in tranches, realizability of the said amount can be reasonably anticipated, and thus it cannot be considered as prejudicial to the interest of the Company.
 - c. Interest repayments were regular in the said Unsecured loan, but the principal portion was not yet repaid in full.
 - d. There are no overdues for more than 90 days as on 31.03.2022, however the Company made various follow ups with APSFSC.
 - e. As mentioned above, the Company has not provided any facility in the nature of Loan, but disclosed ICDs as unsecured loan given the circumstances and hence this sub-clause is not applicable to the Company.
 - f. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

- iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to the parties covered under section 185 of the Act. According to the information and explanations given to us and the records of the Company examined by us, provisions of section 186 of the Act are not applicable since the company has not made any investments during the year.
- v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Act and Rules frames thereunder. Accordingly reporting under clause 3 (v) of the Order does not arise.
- vi) Maintenance of cost records under section 148(1) of the Act is not applicable to the Company. Accordingly, paragraph 3(viii) of the order is not applicable to this Company.
- vii)
 - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues applicable to it during the year with appropriate authorities though there have been slight delays in few cases, no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st March 2022 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us, there are no disputed Statutory dues for the company.
- viii. The Company has not surrendered or disclosed as income, transaction not recorded in the books of accounts, in the tax assessments under Income Tax Act, 1961.
- ix.
 - a. The Company does not have any loans or borrowings during the year and hence, clause 3(ix)(a) of the Order is not applicable.
 - b. The Company is not declared as a willful defaulter by any bank or financial Institution or other lender.
 - c. No term loans were obtained.
 - d. No funds were raised on short term basis.
 - e. The Company does not have any subsidiaries, associates or Joint Ventures and hence, clause (3)(ix)(e) & (f) is not applicable.
- x.
 - a. The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) and any new term loans during the year. However, the Company has raised money by way of rights issue. The same were deposited into various FDs till the time of requirement of such money in the business.
 - b. The Company has not made any preferential allotment or private placement of shares during the year.
- xi.
 - a. To the best of our knowledge and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the

- management.
- b. Any Report under sub- section (12) of section 143 of companies act in form ADT-4 as prescribed under rule 13 of Companies (Audit & Auditor) Rules, 2014 with central government has not been filed.
 - c. Any whistle blower complaints have not been received during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) (a) (b) and (c) of the order is not applicable to the Company.
 - xiii. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, all transactions with related parties are in compliance with the provisions of section 177 and 188 of the Act. Where applicable the details have been disclosed in the financial statements as required by the applicable Accounting standards.
 - xiv.
 - a. According to the information and explanations given to us, the Company had appointed Internal Auditors on 26th June 2022 and the Internal Audit was conducted for the Financial Year 2021-22.
 - b. Internal Auditor reports for the period were considered during the statutory audit.
 - xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or persons connected with the directors. Accordingly, paragraph 3(xv) of the order is not applicable to the Company.
 - xvi.
 - a. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve bank of India, 1934. Accordingly, paragraph 3 (xvi) is not applicable to the Company.
 - b. The Company has not conducted any Non Banking Financial or Housing Finance activities.
 - c. The Company is not a Core Investment Company (CIC) as defined in regulations made by Reserve Bank of India.
 - d. The Company is not part of any Group having CIC as part of the Group.
 - xvii. The Company has not incurred cash losses in the financial year.
 - xviii. There has been no resignation of statutory auditor during the year.
 - xix. According to the information and explanations given to us and conduct of audit, no material uncertainty exists as on the date of the audit report that the company is capable of meeting its liabilities existing as on the date of the balance sheet as and when they fall due within a period of one year from the date of balance sheet.
 - xx.
 - a. Section 135 of the Companies Act 2013 is applicable to the company, however due to inadequacy of average Net profits during the three immediately preceding financial years, there is no requirement to utilise any amount as specified in second proviso to sub-section (5) of

section 135 of companies Act 2013.

- b. The Company does not have any ongoing project and thus Paragraph 3(xx)(b) of the order is not applicable to the Company.
- xxi. According to the Information and explanations given to us, Section 129(3) of the Companies Act, 2013 is not applicable to the Company. Accordingly, Paragraph 3(xxi) of the order is not applicable to the Company.

For **KOMMURU ASSOCIATES**
Chartered Accountants

Sd/-

ERN: 050011S

CA. K.V.SUBBA RAO

Partner, M. No.026688

UDIN: 22026688AWTSXK1280

Place: Guntur

Date : 29.09.2022

ANNEXURE - B TO INDEPENDENT AUDITOR'S REPORT

Report under 143(5) of Companies Act 2013

With reference to the paragraph 2 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date to the members of M/s. NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED on the financial statements for the year ended March 31, 2022, we report that:

General

Sl. No.	Audit Observations	Reply
1.	In case of works executed with the funds of Central or State government(s)/ other user department(s) or their agencies, whether there is conclusive evidence that the assets created will be the assets of the PSU? If not, the accounting treatment of the funds received, utilised, returned, assets created upto and during the year (work-in-progress or completed), assets handed over to the fund-giving agency upto and during the year, assets impaired, if any, and the revenue/ commission/ centage realised on these works, with full quantitative details may be detailed.	No works were executed with the funds received (in consideration for issue of equity shares) during the year.
2.	Where Grants are received from Central or State government(s)/ other user department(s) or their agencies, a. Where grants are taken as revenue for the year, whether the concerned orders are clear that the funds can be utilised for revenue expenditure. b. Where guarantee commission is to be paid, the quantitative details viz., amount guaranteed, rate of guaranteed commission, whether the commission was paid or payable along with the details of the purpose of raising the funds with guarantee and whether the funds were utilised for the stated purpose;	There are no grants received from Central or State Government(s)/ other user department(s) during the Financial Year. However, funds were received from National Industrial Corridor Development and Implementation Trust (NICDIT) in the form of consideration for issue of Equity shares.
3.	Where any long-term liability is undertaken against an asset of finite lifetime, whether there is a clear accounting policy thereon (for instance, land obtained on lease for a specific period (whether renewable or non-renewable) but shares issued in lieu of the land lease)	Land has been taken on Lease for a period of 99 years and the Accounting policy followed by the Company is in accordance with Ind AS 116 "Leases".

	Whether the corresponding expenditure on which the taxes paid/ payable are accounted in the financial statements is also included appropriately	All corresponding expenditure on which taxes paid/ payable are accounted in the financial statements appropriately.
5.	<p>Whether there is a Public Deposit account in the name of the PSU? If yes,</p> <p>a. Funds debited from the PD account erroneously/ lapsed by the treasury, but claimed by the Company as receivable/ its own funds;</p> <p>b. If any funds given by any Government or agencies other than the State Government were lapsed, the details of the same may be detailed;</p> <p>c. Details of the funds raised through loans (with or without government guarantee) and deposited in PD Account; Purpose of the loans and whether the purpose is initiated/completed;</p> <p>d. Whether suitable disclosure on the restrictions or additional permissions required on withdrawing the funds in PD Accounts is included or not;</p> <p>e. The quantitative details of the bills sent for clearing against the PD account balances but not cleared/ returned unpaid as on the reporting date along with age-wise analysis;</p>	No Public Deposit account is held in the name of the Company.
6.	Where funds are raised by the Company and the payment of Principal or Interest or both are met by the State Government or its agencies, directly or indirectly, the details and the purpose of these loans may be stated along with the fact whether the funds were utilised for the stated purpose	There are no loans availed by the Company.
7.	Whether the land owned by the Company is encroached, under litigation, not put to use or declared surplus. Details may be provided.	No land is owned by the Company. However, the Company holds Leasehold land.
8.	Whether the inventory has been taken on the basis of physical verification after adjustment of shortage/ excess found and whether due consideration has been given for deterioration/ obsolescence in the quality which may result into overvaluation of stock?	Company does not hold any inventory during the year.

9.	Whether the cost incurred on abandoned projects has been written off?	No abandoned projects in the Company
10.	Cases of wrong accounting of interest earned on account of non-utilization of amounts received for certain projects/schemes may be reported.	No instance of wrong accounting of interest earned on account of non-utilization of amounts received for certain projects/schemes.
11.	Whether the bifurcation plan (between Andhra Pradesh & Telangana States), if any, for the Company is finalised and approved, Whether the accounting treatment as per the plan and the suitable detailed disclosures are given. Deviations may be stated.	No bifurcation plan (between Andhra Pradesh & Telangana States) is applicable to the Company.

Sector Specific Sub-directions under Section 143(5) of the Companies Act, 2013

Infrastructure Sector

Sl. No.	Audit Observations	Reply
1	Whether the Company has taken adequate measures to prevent encroachment of idle land owned by it. Whether any land of the Company is encroached, under litigation, not put to use or declared surplus? Details may be provided.	Adequate measures were taken to prevent encroachment of idle land by Zonal manager, APIIC and Security were located at the site to look into the activities and take proper measures.
2	Whether the system in vogue for identification of projects to be taken up under Public Private Partnership is in line with the guidelines/ policies of the Government? Comment on deviation if any.	Not applicable to the Company.
3	Whether system for monitoring the execution of works vis-à-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues/ losses from contracts, etc., have been properly accounted for in the books.	A proper system for monitoring the execution of works i.e., milestones stipulated in the agreement with the vendor is in place.
4	Whether the bank guarantees have been revalidated in time?	No bank guarantees were issued by the Company during the FY 2021-22.

5.	The cost incurred on abandoned projects may be quantified and the amount actually written-off shall be mentioned.	No abandoned projects in the Company
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For **KOMMURU ASSOCIATES**
Chartered Accountants

UDIN: 22026688AWTSXK1280
Place: Guntur
Date : 29.09.2022

Sd/-
FRN: 050011S
CA. K.V.SUBBA RAO
Partner, M. No.026688

ANNEXURE - C TO INDEPENDENT AUDITOR'S REPORT

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

We have audited the Internal Financial Controls over financial reporting of M/s. NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A

Company's Internal Financial Control over financial reporting includes those policies and procedures that:

- 1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **KOMMURU ASSOCIATES**
Chartered Accountants

Sd/-

FRN: 050011S
CA. K.V.SUBBA RAO
Partner, M. No.026688

UDIN: 22026688AWTSXK1280
Place: Guntur
Date : 29.09.2022

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED

CIN: U45200AP2018PLC108963

Balance Sheet as at March 31, 2022

(All amounts in INR Lakhs)

Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
ASSETS			
Non-current assets			
Right of Use Assets	2	51,536.9	45,135.2
Capital work-in-progress	3	942.7	942.7
Deferred tax assets (net)	4	0.4	5.3
Total non-current assets		52,480.0	46,083.3
Current assets			
Financial assets			
Cash and cash equivalents	5	142.6	45,096.4
Other financial assets	6	22,490.0	195.0
Other current assets	7	30,000.0	-
Total current assets	8	988.8	339.4
Total assets		53,621.4	45,630.8
		1,06,101.4	91,714.1
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	1,04,420.6	90,644.9
Other equity	SOCIE	356.7	(262.4)
Total equity		1,04,777.3	90,382.4
LIABILITIES			
Non-Current liabilities			
Financial liabilities			
Lease Liability	10	29.1	25.2
Other non-current liabilities	11	942.7	942.7
Current liabilities			
Financial liabilities			
Trade Payables	12	3.8	1.5
Other current liabilities	13	303.8	362.0
Provisions	14	44.7	0.3
Total current liabilities		352.2	363.8
Total - equity and liabilities		1,06,101.4	91,714.1
Summary of significant accounting policies	1		

The accompanying notes from 1 to 27 are an integral part of the financial statements.

As per our report of even dated

For Kommuru Associates

Chartered Accountants

FRN: 050011S

For and on behalf of the Board of Directors
NICDIT Krishnapatnam Industrial City Development Ltd.

Sd/-
K.V. Subba Rao
Partner
Membership No. 026688
UDIN : 22026688AWTSXX1280

Sd/-
Javvadi Venkata Naga
Subramanyam, IAS
Director
DIN: 07935156

Sd/-
Ramakrishnan
Karikalvalaven, IAS
Director
DIN: 01519945

Place : Mangalagiri
Date : 29/09/2022

Sd/-
Venkateshwara Rao Paleti
Chief Financial Officer

Sd/-
CH.N.V.Rambabu
Company Secretary
M.No. 44763

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED
CIN: U45200AP2018PLC108963

Statement of Profit and Loss for the year ended March 31, 2022
 (All amounts in INR Lakhs)

Particulars	Note No.	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Income			
Revenue from operations		-	-
Other Income	15	1,917.6	26.9
Total income (I)		1,917.6	26.9
EXPENSES			
Cost of Sales		-	-
Employee benefits expenses	16	21.7	3.1
Finance Costs	17	2.0	0.0
Depreciation & amortisation Expenses	18	497.0	7.5
Other expenses	19	537.6	283.0
Total expenses (II)		1,058.3	293.6
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		859.3	(266.7)
Profit before tax		859.3	(266.7)
Tax expense			
Current tax		235.2	-
Deferred tax	4	5.0	(4.3)
Income tax expense		240.1	(4.3)
Profit for the year (IV-V)		619.2	(262.4)
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		-	-
Tax on remeasurement of defined benefit plans		-	-
Items that will be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedges		-	-
Tax on fair value movements on cash flow hedges		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		619.2	(262.4)
Earnings per equity share Rs. 10/- each fully paid	20		
Computed on the basis of total profit for the year			
Basic (Rs.)		0.06	(3.51)
Diluted (Rs.)		0.06	(3.51)

The accompanying notes from 1 to 27 are an integral part of the financial statements.

As per our report of even dated

For Kommuru Associates

Chartered Accountants

FRN: 050011S

For and on behalf of the Board of Directors
 NICDIT Krishnapatnam Industrial City Development Ltd.

Sd/-
 K.V. Subba Rao
 Partner
 Membership No. 026688
 UDIN : 22026688AWTSXX1280

Sd/-
 Javvadi Venkata Naga
 Subramanyam, IAS
 Director
 DIN: 07935156

Sd/-
 Ramakrishnan
 Karikalvalaven, IAS
 Director
 DIN: 01519945

Place : Mangalagiri
 Date : 29/09/2022

Sd/-
 Venkateshwara Rao Paleti
 Chief Financial Officer

Sd/-
 CH.N.V.Rambabu
 Company Secretary
 M.No. 44763

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED

CIN: U45200AP2018PLC108963

Statement of Cash Flows for the year ended March 31, 2022

(All amounts in INR Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	859.3	(266.7)
Cash Flows from operating activities		
Adjustments for :		
Depreciation and Amortisation	497.0	7.5
Interest portion on Lease Liability	2.0	0.0
Operating profit before working capital changes	1,358.3	(259.2)
Movement in working capital:		
Change in Working Capital	(896.1)	22.5
Provision for Income Tax	(235.2)	-
Change in current assets	(649.4)	(338.3)
Change in current liabilities	(11.6)	360.8
Change in other Non current liabilities	-	23.4
Net cash flows from operating activities (A)	462.2	(213.3)
Cash flows used in investing activities		
Acquisition of lease hold rights	(6.9)	(45.1)
Capital work in Progress	-	(23.4)
Investment in Fixed Deposits	(22,295.0)	303.2
Increase in Unsecured Loans advanced by the company	(30,000.0)	-
Investment in ICD's	-	-
Net cash flows used in investing activities (B)	(52,301.9)	234.7
Net cash flows from financing activities		
Proceeds from issue of equity shares	6,887.9	45,072.4
Interest portion of the lease liability	(2.0)	(0.0)
Principal portion of lease liability	(0.0)	-
Net cash flows from/(used in) financing activities (C)	6,885.9	45,072.4
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(44,953.8)	45,093.8
Cash and cash equivalents at the beginning of the year	45,096.4	2.6
Cash and cash equivalents at the year end	142.6	45,096.4
Components of cash and cash equivalents:		
Cash on hand		
Balances with banks		
On current accounts	142.6	45,096.4
On dividend accounts	-	-
On deposit accounts	-	-
Total cash and cash equivalents	142.6	45,096.4

The accompanying notes from 1 to 27 are an integral part of the financial statements.

As per our report of even dated

For Kommuru Associates

Chartered Accountants

FRN: 050011S

For and on behalf of the Board of Directors
NICDIT Krishnapatnam Industrial City Development Ltd.

Sd/-
K.V. Subba Rao
Partner
Membership No. 026688
UDIN : 22026688AWTSXK1280

Sd/-
Javvadi Venkata Naga
Subramanyam, IAS
Director
DIN: 07935156

Sd/-
Ramakrishnan
Karikalvalaven, IAS
Director
DIN: 01519945

Place : Mangalagiri
Date : 29/09/2022

Sd/-
Venkateshwara Rao Paleti
Chief Financial Officer

Sd/-
CH.N.V.Rambabu
Company Secretary
M.No. 44763

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED
CIN: U45200AP2018PLC108963

Statement of Changes in Equity for the year ended March 31, 2022

(All amounts in INR Lakhs)

a. Equity share capital							
Equity shares of Rs.10 each, fully paid up						No.	Rs.
As at April 01, 2021						90,64,48,568	90,644.9
Changes during the year						13,77,57,672	13,775.8
As at March 31, 2022						1,04,42,06,240	1,04,420.6
b. Other Equity							
Particulars	Reserves & Surplus				Other comprehensive income		Total
	Capital Reserve	Securities Premium	Share based payments reserve	Retained Earnings	Effective portion of cash flow hedge	Re-measurement gains or losses on employee defined benefit plans	
Balance as at 1 April 2021(A)				(262.4)			(262.4)
Profit for the year	-	-	-	619.2	-	-	619.2
Expense arising from equity-settled	-	-	-	-	-	-	-
share-based payment transactions				-			-
Transferred from stock options	-	-	-	-	-	-	-
outstanding				-			-
Final dividend on equity shares	-	-	-	-	-	-	-
Tax on final dividend on equity shares	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash	-	-	-	-	-	-	-
Remeasurement on net defined benefit	-	-	-	-	-	-	-
As at March 31, 2022				356.7			356.7

Particulars	Reserves & Surplus				Other comprehensive income		Total
	Capital Reserve	Securities Premium	Share based payments reserve	Retained Earnings	Effective portion of cash flow hedge	Re-measurement gains or losses on employee defined benefit plans	
Balance as at 1 April 2020				(0.0)			(0.0)
Profit for the year	-	-	-	(262.4)	-	-	(262.4)
Expense arising from equity-settled	-	-	-	-	-	-	-
share-based payment transactions				-			-
Transferred from stock options	-	-	-	-	-	-	-
outstanding				-			-
Final dividend on equity shares	-	-	-	-	-	-	-
Tax on final dividend on equity shares	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash	-	-	-	-	-	-	-
Remeasurement on net defined benefit	-	-	-	-	-	-	-
As at March 31, 2021				(262.4)			(262.4)

Shares held by promoters at the end of the Year			% Change during the year
Promoters Name	No. of shares	% of Total shares	
Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC)	52,21,03,117	49.9999997	15.20%
Chief Executive officer (CEO), National Industrial Corridor Development and Implementation Trust (NICDIT)	52,21,03,118	49.99999981	15.20%
T V Somasethan	1	0.0000001	0.00%
Guruprasad Mohapatra	1	0.0000001	0.00%
Siva Satyanarayana Reddy Manda	1	0.0000001	0.00%
Chitturi Veera Venkata Satyanarayana Prasad	1	0.0000001	0.00%
Rangineni Chenchalaiah	1	0.0000001	0.00%

The accompanying notes from 1 to 27 are an integral part of the financial statements.

As per our report of even dated

For Kommuru Associates

Chartered Accountants

FRN: 050011S

For and on behalf of the Board of Directors
NICDIT Krishnapatnam Industrial City Development Ltd.

Sd/-
K.V. Subba Rao
Partner
Membership No. 026688
UDIN : 22026688AWTSXX1280

Sd/-
Javvadi Venkata Naga
Subramanyam, IAS
Director
DIN: 07935156

Sd/-
Ramakrishnan
Karikalvalaven, IAS
Director
DIN: 01519945

Place : Mangalagiri
Date : 29/09/2022

Sd/-
Venkateshwara Rao Paleti
Chief Financial Officer

Sd/-
CH.N.V.Rambabu
Company Secretary
M.No. 44763

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED
CIN: U45200AP2018PLC108963

Notes to financial statements for the year ended March 31, 2022

(All amounts in INR Lakhs)

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Corporate information

"NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED (NKICDL) is a Unlisted Public Limited Company domiciled in India and is incorporated on 07 August 2018 under Companies Act applicable in India. The registered office of the Company is located at 10th Floor, APIIC Towers, Plot No. 1, IT Park Mangalagiri, Guntur AP 522503, India. The company's business is to develop industrial township project, trunk infrastructure and the strategic projects and monetize Land at Krishnapatnam Node spreading across the SPSR Nellore District in the state of Andhra Pradesh, on public-private partnership (PPP) mode, or any other mode deemed appropriate, whether whole of the project or any components, and comprising of commercial facilities.

1.2 Basis of preparation

a) Statement of compliance

"The financial statements of the Company as at and for the year ended 31 March 2022 have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). These financial statements have been prepared by the company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the company's annual reporting date, 31 March 2022.

b) Basis of Measurement

These financial Statements have been prepared on the historical cost convention and on an accrual basis, unless specifically specified below, except for financial instruments which have been measured at fair value at the end of each reporting period, as required by relevant Ind AS and as explained in the accounting policies mentioned below."

c) Use of Estimates and judgements

"The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported balances of revenues, expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements are:

- Income tax and deferred tax

The Company's tax jurisdiction is India. Significant judgements are involved in estimating determining the provision for income taxes.

- Accounting for Leases

Accounting approach with regard to the lease agreement between APIIC and NKICDL has been based on the clarifications issued by "Ind AS Transition Facilitation Group" (ITFG), in Bulletin 21 of ITFG, Issue -3 which covers the issue identical to the Transaction between APIIC and NKICDL. (Reference for source: <https://resource.cdn.icaai.org/56773indas46019.pdf>). Basis the clarifications, the transaction emanating from the Registered documents dated 26.3.2021 and 28.08.2021, is to be treated as lease transactions and the Accounting shall be done as per Ind AS 116, in the books of Lessee (NKICDL). The company has adopted the MCLR rate of their Primary banker (Union Bank) for the purpose of arriving at the present value of the future cash flows.

d) Current and Non-current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is

- a. Expected to be realised or intended to be sold or consumed in normal operating cycle.
- b. Held primarily for the purpose of trading
- c. Expected to be realised within twelve months after the reporting period, or
- d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- a. It is expected to be settled in normal operating cycle
- b. It is held primarily for the purpose of trading
- c. It is due to be settled within twelve months after the reporting period,
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other assets and liabilities as non-current.

e) Functional currency

These Financial Statements are presented in Indian Rupees, which is functional currency of the company. All the information presented in Indian rupees.

1.3 Significant accounting Policies

a) IND AS 115, Revenue from contracts with Customers

In March 2018, the Ministry of Corporate Affairs("MCA") has notified Ind AS 115, Revenue from Contracts with Customers, which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard supersedes Ind As 18, Revenue, Ind As 11, Construction contracts and related interpretations. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Revenue will be recognised in compliance with Ind AS 115.

b) Revenue Recognition

Profit/Loss is recognized on allotment and transfer of sheds, land, on lease basis 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

Sale of products: There are no sales during the period.

Sale of services: There are no sales during the period.

c) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (e.g., regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company's trade receivables do not contain any significant financing component and hence are measured at the transaction price measured under Ind AS 115.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a. Debt instruments at amortised cost;
- b. Debt instruments at fair value through other comprehensive income (FVTOCI);
- c. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method and are subject to impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit and loss and presented in other income. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables."

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest earned while holding a FVTOCI debt instrument is reported as interest income using the effective interest rate method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss."

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income.

Subsequent changes in the fair value the Company makes such election on an instrument by-instrument basis. The classification is made upon initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity investments designated as FVTOCI are not subject to impairment assessment."

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss."

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- Both (1) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and (2) either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the

Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained

Impairment of trade receivables and other financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset.

For this purpose, the Company follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed."

d) Property, Plant & Equipment Recognition & Measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditure related to an item of fixed asset is added to its book value only, if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Capital work-in-progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation

Depreciation on tangible fixed assets (property, plant and equipment) is calculated on Straight Line Method basis using life prescribed under Schedule II to the Companies Act 2013. In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which asset is ready for use. Depreciation method, useful lives and residual values of Property, Plant and Equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate. The lease hold rights are amortised over the term of lease i.e., 99 years.

e) Intangible Assets

An intangible asset is recognised, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost, less accumulated amortization and impairment losses, if any. Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as intangible assets under development. In

respect of intangible assets acquired / purchased during the year, amortization is provided on a pro-rata basis from the date on which such asset is ready to use.

The residual value, useful life and method of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Income Tax

Income Tax expense consists of current & deferred tax.

Current Tax

Current tax is recognised in the Statement of profit & loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is also recognised in other comprehensive income or directly in equity, respectively. Current tax is the expected tax payable on the taxable income for the year, using the rates enacted or substantively enacted at the reporting date, any adjustment to tax payable in respect of previous years.

Deferred tax

"Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority."

g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees."

(iii) Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market interest rates on government bonds are used. The current service cost of the defined benefit plan, recognised in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised immediately in the statement of profit and loss."

(iv) Termination benefits

Termination benefits are recognised as an expense in the statement of profit and loss when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense in the statement of profit and loss if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(v) Other long-term employee benefits

The Company's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognised in the statement of profit and loss in the period in which they arise. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for defined benefit obligation and plan assets are recognised in OCI in the period in which they arise.

When the benefits under a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains or losses on the settlement of a defined benefit plan obligation when the settlement occurs."

h) Provisions, Contingent Liabilities and Contingent Assets

"Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably. Contingent assets are neither recognised nor disclosed in the financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost."

i) Cash and cash equivalents

"Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management."

j) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit & loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential shares, which includes all stock options granted to employees

k) Cash Flow Statement

Cash flows are reported using indirect method whereby profit for the period is adjusted for the effects of the transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts and payments and items of income or expenses associated with investing and financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

l) Leases – INDAS 116

Identifying a lease

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An entity shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The lease term begins on the commencement date (i.e. the date on which the lessor makes the underlying asset(s) available for use by the lessee) and includes any rent-free or reduced rent periods. It comprises:

1. the non-cancellable period of the lease;
2. periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
3. periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

A lease is no longer enforceable when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty. An entity shall revise the lease term if there is a change in the non- cancellable period of a lease.

Recognition of lease by Lessee

On the commencement of the lease, lessee needs to recognise the right-of- use asset and measure it at cost. Lessee should also recognise a lease liability and measure it at the present value of the lease payments that are not paid at that date. The lease payments should be discounted using the interest rate implicit in the lease, if readily determinable or else using the lessee's incremental borrowing rate. The company has adopted the MCLR rate of their Primary banker (Union Bank) for Tranche 1 Land Transfer and MCLR rate of Largest Nationalised Bank (SBI) for Tranche 2 Land Transfer for the purpose of arriving at the present value of the future cash flows.

Subsequent measurement of right-of-use asset

Subsequently, the right-of-use asset shall be measured by applying a cost model or revaluation model if the underlying asset belongs to the class of assets to which the entity applies revaluation model as per Ind AS 16, Property, Plant and Equipment.

Subsequent measurement of lease liability

After initial recognition, the lease liability is measured at amortised cost using the effective interest method and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Presentation by Lessee

The right-of-use assets should be either presented separately from other assets in the balance sheet or disclosed in the notes. If not presented separately, they should be presented in the appropriate line item of the balance sheet as if they were owned and disclose in the notes the line items which include such assets. The lease liabilities should be presented either separately from other liabilities in the balance sheet or disclose in the notes the line items which include the lease liabilities.

Right-of-use assets that meet the definition of investment property are presented within investment property.

In the statement of profit and loss, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance cost that requires to be presented separately in the statement of profit and loss.

In the statement of cash flows, a lessee shall classify:

- a. cash payments for the principal portion of the lease liability within financing activities;
- b. cash payments for the interest portion of the lease liability within financing activities applying the requirements in Ind AS 7, Statement of Cash Flows, for interest paid; and
- c. short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED
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Notes to financial statements for the year ended March 31, 2022

(All amounts in INR Lakhs)

2 Right of Use Asset

Particulars	As at 31 March 2022	As at 31 March 2021
Lease hold Land	51,536.9	45,135.2
	51,536.9	45,135.2

Ind AS 116 - Leases

Assumptions: Lease payments should be discounted using the interest rate implicit in the lease, if readily determinable or else using the lessee's incremental borrowing rate. The company has adopted 7.2% per annum for the purpose of arriving at the present value of the future cash flows pertaining to First Tranche and 7% for second tranche basis NKICDL banker MCLR rates. Lease tenure for deriving the present value of the lease rentals has been considered basis the current lease period i.e 99 years.

Methodology : Accounting approach with regard to the lease agreement between APIIC and NKICDL has been based on the clarifications issued by "Ind AS Transition Facilitation Group" (ITFG), in Bulletin 21 of ITFG, Issue -3 which covers the issue identical to the Transaction between APIIC and NKICDL. (Reference for source: <https://resource.cdn.icai.org/56773indas46019.pdf>). Basis the clarifications, the transaction emanating from the Registered documents dated 26.3.2021 , is to be treated as lease transactions and the Accounting shall be done as per Ind AS 116, in the books of Lessee (NKICDL).

Lease Term has been considered basis Lease Agreement which is for a period of 99 years and the Lessee shall be entitled, by issuing a written notice to the Lessor not later than 1(one) year prior to the expiry of the original (ninety-nine) years, to renew the Lease by another term of 99 (ninety-nine years) and upon receipt of such notice the Lessor shall renew the Lease for another 99 (ninety-nine) years. Upon expiry of each term of 99 (ninety-nine) years, the Lessee shall be entitled to seek further renewal of the Lease for a period of 99 (ninety-nine) years in accordance with the provisions of the Lease agreement. The Lessee has agreed to pay to the Lessor an annual lease rent of Rs 100 (Rupees One Hundred only) per acre per annum.

3 Capital work-in-progress

Particulars	As at 31 March 2022	As at 31 March 2021
Project Development Expenditure	942.7	942.7
	942.7	942.7

Capital work-in-progress	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Industrial Corridor at Krishnapatnam Node	-	-	942.7	-

4 Deferred tax assets & Liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax asset/(liabilities)		
Preliminary Expenses and Unabsorbed losses giving rise to temporary differences	0.4	5.3
Deferred tax assets (Net)	0.4	5.3

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED
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Notes to financial statements for the year ended March 31, 2022

(All amounts in INR Lakhs)

For the year ended March 31, 2022:

Particulars	As at 1st Apr 2021	Recognised		As at 31 March 2022
		Profit & Loss	Equity	
Preliminary Expenses giving rise to temporary differences	5.3	5.0	-	0.4
Net Deferred Tax Assets/(liabilities)	5.3	5.0	-	0.4

For the year ended March 31, 2021:

Particulars	As at 1st Apr 2020	Recognised		As at 31 March 2021
		Profit & Loss	Equity	
Preliminary Expenses and unabsorbed losses giving rise to temporary differences	1.1	4.3	-	5.3
Net Deferred Tax Assets/(liabilities)	1.1	4.3	-	5.3

5 Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
A) Cash and cash equivalents		
Balances with banks	142.6	45,096.4
- On current accounts	-	-
Cash on hand	142.6	45,096.4

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Fixed Deposits with Banks	22,490.0	195.0
	22,490.0	195.0

7 Loans

Particulars	As at 31 March 2022	As at 31 March 2021
Loans Receivables considered good - Unsecured	30,000.0	-
	30,000.0	-

AP State Financial Services Corporation Ltd. (APSFSC) has offered to pay interest at 5% p.a. inviting funds from various Government Corporations, Societies, Boards, Trusts, Institutions, Universities, Special Purpose Vehicles, etc., in the form of Inter Corporate Deposits (ICDs). NKICDL has deposited Rs. 300 Crores as these funds will earn an incremental interest of 1.1% compared to FD's with Union Bank at that point in time. As per the assessment made by the Engineering wing, funds will be required to meet the project expenditure of NKICDL by Jan 2022, given this INR 300 crores are invested with APSFSC by way of ICDs for 6 months. Subsequently, the transaction was put up to the Board of Directors for "ratification" in its 13th Board meeting dated 24/08/2021, the board has ratified the action and instructed to deposit Rs. 300 Crores on maturity with a Nationalized Bank only.

In line with Boards directives, NKICDL has made various communications to APSFSC to return the proceeds on maturity. APSFSC has failed to return the proceeds on maturity, however interest payments are being deposited. Management of NKICDL in line with Boards directives have been continuously following up to get back the Maturity proceeds from APSFSC and the matter has been escalated to GoAP. Given this for FY 21-22, total amount due of INR 300 Crore as at 31st March 2022 are disclosed as "Loans Receivables considered good - Unsecured". Maturity Proceeds amounting to Rs. 64.5 Crores received from APSFSC till 20.09.2022

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CIN: U45200AP2018PLC108963

Notes to financial statements for the year ended March 31, 2022

(All amounts in INR Lakhs)

8 Other Current Assets

Particulars	As at 31 March 2022	As at 31 March 2021
TDS Receivable	-	0.6
Advance (M. Siva Satyanarayana Reddy, CS, APIIC)	-	0.6
Security Deposit	0.2	0.2
Interest Income Receivable	555.5	-
APIIC- Receivable	406.9	338.0
Input - GST	26.2	-
	988.8	339.4

9 Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised		
125,00,00,000 Equity shares of Rs.10/- each	1,25,000	1,25,000
Total	1,25,000	1,25,000
Issued, Subscribed and Paid Up		
1,04,42,06,240 Equity shares of Rs.10/- each fully paid up	1,04,420.6	90,644.9
Total	1,04,420.6	90,644.9

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	90,64,48,568	90,644.9	50,00,000	500.0
Add: Issue of shares during the year	13,77,57,672	13,775.8	90,14,48,568	90,144.9
Outstanding at the end of the year	1,04,42,06,240	1,04,420.6	90,64,48,568	90,644.9

b) Details of shareholders holding more than 5% shares of the Company:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% Holding	No. of shares	% Holding
Andhra Pradesh Industrial Infrastructure Corporation Limited(APIIC)	52,21,03,117	49.9999997%	45,32,24,281	49.9999997%
Chief Executive officer (CEO), National Industrial Corridor Development and Implementation Trust (NICDIT)	52,21,03,118	49.9999998%	45,32,24,282	49.9999998%

c) Details of shares allotted as fully paid up for consideration other than cash for period of five years immediately preceding date of Balance Sheet:

Particulars	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Equity Shares of Rs.10/- each allotted as fully paid-up pursuant to contract(s) without payment being received in cash to Andhra Pradesh Industrial Infrastructure Corporation Limited(APIIC) **	52,21,03,117	45,32,24,281	-	-
Value of Equity Shares (in INR Lakhs)	52,210	45,322		

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED
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Notes to financial statements for the year ended March 31, 2022

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The ratio of shareholding of NICDIT and APIIC in the company is 50% and 50% respectively. APIIC's equity contribution in share capital is by the way of lease of 1814.51 Acres of land in Krishnapatnam Node through lease agreement executed between APIIC and the Company dated 26.03.2021 with document no. 1096/2021. An amount equivalent to the lease value of the land provided by APIIC in line with above stated Lease agreement i.e., Rs. 450,72,42,840 (Rs. 24.84 Lacs per acre approved as per Cabinet Committee on Economic Affairs) is transferred by NICDIT on 31.03.2021 and during FY 21-22, Second Rights issue has been made by NKICDL for 13,77,57,672 shares in which APIIC's equity contribution is by the way of lease of 277.29 Acres of land in Krishnapatnam Node through lease agreement executed between APIIC and the Company dated 28.08.2021 with document no. 1817/2021. An amount equivalent to the lease value of the land provided by APIIC in line with above stated Lease agreement i.e., Rs. 68,87,88,360 (Rs. 24.84 Lacs per acre approved as per Cabinet Committee on Economic Affairs) is transferred by NICDIT on 06.09.2021. With regard to the above two tranches of transfer of lease hold rights stamp duty has been exempted by GoAP vide G.O.MS.NO 76.

10 Non-Current Liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Lease Liability	29.1	25.2
Total	29.1	25.2

11 Other Non-Current Liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Payable to NICDC Ltd towards Project Development Expenditure	942.7	942.7
Total	942.7	942.7

Amount incurred by the NICDCL (formerly known as DMICDC Limited) on behalf of the company, (as per clause 3.4.3(b)(iv) of the shareholder's agreement executed between Andhra Pradesh Industrial Infrastructure Corporation Limited and National Industrial Corridor development and implementation Trust (NICDIT) (earlier DMIC Project Implementation Trust Fund); DMICDC will be entitled to recover project development expenses incurred by it). Further the above said expenses will be repayable on generation of sufficient surplus funds by the company as per letter Dated 15/07/2021; 03/05/2019 and 29/06/2020. Accordingly based on the management estimate on revenue generation the said item disclosed under Non-current liability. For the current FY 2021-22 there is no such expenditure incurred by NICDCL.

12 Trade Payables

Particulars	As at 31 March 2022	As at 31 March 2021
Current Liabilities		
Sundry Creditors	3.8	1.5
Total	3.8	1.5

13 Other current Liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Current Liabilities		
Professional Tax Payable	0.1	0.1
Consultancy Charges Payable - KPMG	251.6	21.4
Outstanding Salary payable	2.8	0.4
TDS payable	43.2	340.1
GST payable	3.8	-
Other Current Liabilities	2.4	-
Total	303.8	362.0

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Notes to financial statements for the year ended March 31, 2022

(All amounts in INR Lakhs)

14 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for Audit Fee	0.5	0.3
Provision for Income Tax (Net of TDS Receivable FY 21-22)	44.2	-
Total	44.7	0.3

15 Other Income

Particulars	As at 31 March 2022	As at 31 March 2021
Interest on Fixed Deposits	923.7	26.9
Interest on ICD's	986.3	-
Interest on Income Tax Refund	0.0	-
Tender Processing Fees	7.6	-
Total	1,917.6	26.9

On 1st April 2021, management of NKICDL has instructed Union Bank of India by way of letter to provide Sweep-in facility (flexi Option) to the existing current account no. 013411100005534, on receipt of Rs. 450.00 Crore from NICDIT, in order to ensure interest benefit on the deposits. Union Bank after much follow up, converted the said account into Union Flexi Premium Current Deposit Account i.e. 06/12/2021 and the management of NKICDL has raised a claim for the defaulted interest and interest lost on account of delay in converting to sweep in account for the period 1/4/2021 till 6/12/2021 with the bank and NKICDL is continuously following it up on this claim through Emails/Letters. Union Bank has been communicating through mails that the said claim is under process with their competent authority, given the current scenario management of NKICDL is not in a position to recognise the revenue in line with Indian Accounting standards as the defaulted interest income is yet to be quantified and communicated by the Union Bank.

16 Employee benefits expenses

Particulars	As at 31 March 2022	As at 31 March 2021
Salary	21.7	3.1
Total	21.7	3.1

17 Finance Cost

Particulars	As at 31 March 2022	As at 31 March 2021
Interest portion on Lease Liability	2.0	0.0
Total	2.0	0.0

18 Depreciation & amortisation Expenses

Particulars	As at 31 March 2022	As at 31 March 2021
Depreciation & amortisation Expenses	497.0	7.5
Total	497.0	7.5

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED
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Notes to financial statements for the year ended March 31, 2022

(All amounts in INR Lakhs)

19 Other expenses

Particulars	As at 31 March 2022	As at 31 March 2021
Audit fee	0.6	0.4
Audit fee (FY 2020-21)	0.2	-
Service & Filing Fees	0.6	251.2
Professional Charges	6.3	4.2
Car Hire Charges	4.7	2.9
Bank Charges	0.0	0.0
Rates & Taxes	8.4	4.0
Interest on Tax	41.3	0.3
Retainership Fees	2.4	0.2
Late Fees on TDS	-	0.1
Conveyance	0.1	0.0
Professional Tax	0.0	0.0
Consultancy Charges - KPMG	467.0	19.8
Admin Expenditure	0.1	-
Annual Custodian Fee	0.1	-
Marketing & Advertising	0.2	-
Misc. Expenditure	0.2	-
Stamp Duty (Rights Issue) - NSDL	5.2	-
Stationery	0.0	-
Tally Subscription	0.2	-
Total	537.6	283.0

20 Earnings per share (EPS)

Particulars	As at 31 March 2022	As at 31 March 2021
Earnings		
Profit Attributable to equity Share holders of the Company	619.2	(262.4)
Shares		
Number of equity shares at the beginning of the year	90,64,48,568	50,00,000
Number of shares issued during the year	13,77,57,672	90,14,48,568
Weighted Average Number of shares during the year	96,23,06,473	74,69,722
Earnings per share at Par value 10/- Basic(per share)	0.06	(3.51)
Earnings per share at Par value 10/- Diluted(per share)	0.06	(3.51)

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED
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Notes to financial statements for the year ended March 31, 2022

(All amounts in INR Lakhs)

Related party disclosures

a) Related Parties

Name of the related party	Relationship	Corporation
1. Andra Pradesh Industrial Infrastructure Corporation Limited	Equity Shareholders	AP State Government Corporation
2. National Industrial Corridor Development and Implementation Trust	Equity Shareholders	Central Government Trust
3. National Industrial Corridor Development Corporation Limited	Control & Significant influence	Public Limited Company

b) List of Directors & Key Managerial Personnel of the company is as below

1) Ramakrishnan Karikalvalaven	Director
2) Javvadi Venkata Naga Subramanyam	Director
3) Shan Mohan Sagili	Director
4) Pradeep Kumar Agarwal	Director
5) Abhishek Chaudhary	Director
6) Srikanth Kommu	Director
7) Venkateshwara Rao Paleti	Chief Financial Officer (Date of Joining: 12th October 2022)

c) Transactions with Related Parties

1. Name of the Related Party	APIIC Ltd	NICDIT	NICDC	Venkateshwara Rao Paleti
	Equity Shareholders	Equity Shareholders	Control & Significant influence	KMP - CFO
2. Nature of Relationship				
3. Nature of Transactions:	As at March 31, 2022			
(i) Equity Contribution	6,887.9	6,887.9	-	-
(ii) Reimbursements	464.5	-	-	-
(iii) Advance	-	-	-	-
(iv) Project Development Expenditure payable	-	-	-	-
(v) Salary	-	-	-	17.0
Outstanding (Payables)/ Receivables	(1.8)	-	-	-

1. Name of the Related Party	APIIC Ltd	NICDIT	NICDC	Venkateshwara Rao Paleti
	Equity Shareholders	Equity Shareholders	Control & Significant influence	KMP - CFO
2. Nature of Relationship				
3. Nature of Transactions:	As at March 31, 2021			
(i) Equity Contribution	45,072.4	45,072.4	-	-
(ii) Reimbursements	295.8	-	-	-
(iii) Advance	5.0	-	-	-
(iv) Project Development Expenditure payable	-	-	23.4	-
(v) Salary	-	-	-	-
Outstanding (Payables)/ Receivables	338.0	-	(942.7)	-

Note: NICDC has incurred project development expenditure on behalf of NKICDL and one of the director of the NKICDL is the Chief Financial Officer of the NICDC, hence given the significant influence, Transaction is recorded on the market value at arms length basis.

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Notes to financial statements for the year ended March 31, 2022

(All amounts in INR Lakhs)

21 Auditors' remuneration

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Statutory Audit fee	0.4	0.4

22 Amount Payable to Micro, Small and Medium Enterprises

	As at 31st March 2022	As at March 31, 2021
a) The amounts remaining unpaid to micro and small suppliers as at the end of the year- Principal & Interest. influence	-	-
b) The Amount of Interest paid by the buyers as per the MSMED Act, 2006.	-	-
c) The amounts of the payments made to micro and small suppliers beyond the appointed day during the each accounting year.	-	-
d) The amount of Interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-
e) The amount of interest accrued and remaining unpaid at the end of the each accounting year.	-	-
f) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as deductible expenditure under MSMED Act	-	-

23 Segment Reporting

The company's business is to develop industrial township project, trunk infrastructure and the strategic projects. As the company yet to start its operations, no operating segments were identified as per Indian Accounting Standard (Ind AS) 108 "Operating Segments". Accordingly no disclosures were made.

24 Project Development Expenditure Incurred on behalf of the company.

In accordance with the letter dated 15th Jul, 2021 from NICDCL(formerly known as Delhi Mumbai Industrial Corridor development corporation Limited) relating to project development expenditure(towards Detailed Master plan, preliminary design report, Environmental Impact and related expenditure) incurred by the NICDCL Pursuant to shareholders agreement dated 23/07/2017 on behalf of the company to consider and account for the said expenditure in the books of the company as per direction of Comptroller and Auditor's General of India(CAG). The Board of directors has considered and taken note of the said matter.

25 Ratio Analysis

Particulars	2021-22	2020-21	% Change	Reason
Current Ratio	152.23	125.43	21.4%	NA
Return on Equity Ratio	0.01	(0.00)	303.5%	% of change is primarily driven due to investment of amount received from NICDIT towards equity contribution in Fixed Deposits resulting in increased Interest income leading to increased net profit during the current financial year.

NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED
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Notes to financial statements for the year ended March 31, 2022

(All amounts in INR Lakhs)

Net Profit Ratio	0.32	(9.74)	103.3%	% of change is primarily driven due to investment of amount received from NICDIT towards equity contribution in Fixed Deposits resulting in increased Interest income leading to increased net profit during the current financial year.
Return on Investment	0.04	0.00	6025.9%	% of change is primarily driven due to investment of amount received from NICDIT towards equity contribution in Fixed Deposits resulting in increased Interest income leading to increased net profit during the current financial year.

Formula for computation of ratios are as follows:

Particulars	Computation
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Return on Equity Ratio	$\frac{\text{Profit after Tax}}{\text{Shareholders Equity}}$
Net Profit Ratio	$\frac{\text{Net Profit after Tax}}{\text{Total Income}}$
Return on Investment	$\frac{\text{Other Income (Excluding Dividend)}}{\text{Average Cash, Cash Equivalents \& Other Marketable Securities}}$

- 26 No Contingent Liabilities for the year ended 31st March 2022.
- 27 Previous year's figures have been regrouped/reclassified/rearranged whenever necessary.
As per our report of even date

For Kommuru Associates

Chartered Accountants
FRN: 050011S

For and on behalf of the Board of Directors
NICDIT Krishnapatnam Industrial City Development Ltd.

Sd/-
K.V. Subba Rao
Partner
Membership No. 026688
UDIN : 22026688AWTSXK1280

Sd/-
Javvadi Venkata Naga
Subramanyam, IAS
Director
DIN: 07935156

Sd/-
Ramakrishnan
Karikalvalaven, IAS
Director
DIN: 01519945

Place : Mangalagiri
Date : 29/09/2022

Sd/-
Venkateshwara Rao Paleti
Chief Financial Officer

Sd/-
CH.N.V.Rambabu
Company Secretary
M.No. 44763

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NICDIT KRISHNAPATNAM INDUSTRIAL CITY DEVELOPMENT LIMITED

(Joint Venture of APIIC & NICDIT)

CIN: U45200AP2018PLC108963

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