

PRIVATE & CONFIDENTIAL – FOR ADDRESSEE ONLY

(THIS PLACEMENT MEMORANDUM IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS). THIS PLACEMENT MEMORANDUM DATED DECEMBER 19, 2022 IS PREPARED AND ISSUED IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021, SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, ISSUED VIDE CIRCULAR NO. SEBI/LAD-NRO/GN/2015-16/013 DATED SEPTEMBER 02, 2015 AND SECTION 42 OF THE COMPANIES ACT, 2013 AND THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, EACH AS AMENDED FROM TIME TO TIME (THE “PLACEMENT MEMORANDUM”) FOR ISSUANCE OF DEBT SECURITIES ON PRIVATE PLACEMENT BASIS IN ACCORDANCE WITH SEBI OPERATIONAL CIRCULAR FOR ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES, SECURITISED DEBT INSTRUMENTS, SECURITY RECEIPTS, MUNICIPAL DEBT SECURITIES AND COMMERCIAL PAPER DATED AUGUST 10, 2021 BEARING REFERENCE NUMBER SEBI/HO/DDHS/P/CIR/2021/613 (SEBI OPERATIONAL CIRCULAR DATED AUGUST 10, 2021) AS AMENDED AND OTHER SEBI CIRCULARS ISSUED BY SEBI IN THIS REGARD FROM TIME-TO-TIME (“SEBI CIRCULAR”) UNDER SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021.

THIS ISSUANCE WOULD BE UNDER THE ELECTRONIC BOOK MECHANISM FOR ISSUANCE OF DEBT SECURITIES ON PRIVATE PLACEMENT BASIS AS PER THE SEBI CIRCULAR. THE COMPANY INTENDS TO USE BSE'S ELECTRONIC BIDDING PLATFORM (“BSE-BOND EBP”) FOR THIS ISSUE. THIS PLACEMENT MEMORANDUM IS BEING UPLOADED ON THE BSE BOND- EBP TO COMPLY WITH THE SEBI CIRCULAR READ WITH THE OPERATIONAL GUIDELINES FOR ISSUANCE OF SECURITIES ON PRIVATE PLACEMENT BASIS THROUGH THE ELECTRONIC BOOK MECHANISM ISSUED BY BSE LIMITED (“BSE”) VIDE THEIR NOTICE 20180928-24 DATED 28 SEPTEMBER 2018 AND AN OFFER WILL BE MADE BY ISSUE OF THE SIGNED PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER AFTER COMPLETION OF THE BIDDING PROCESS ON ISSUE/BID CLOSING DATE, TO SUCCESSFUL BIDDER IN ACCORDANCE WITH THE PROVISIONS OF THE COMPANIES ACT, 2013 AND RELATED RULES.



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Registered Office Address: 1st Floor, Proh. & Excise Complex, D.No.5-69-55/9A, Taluk Office Compound, 6/1, Brodipet Guntur, Andhra Pradesh - 522002

Corporate Office Address: 4th Floor, Prohibition & Excise Complex, S.No. 88-2b, Poultryfarm Road, Prasadampadu (V), Vijayawada – 521108

Tele No.: +91 0866-2844699

Fax No: NA

Email: apsbclco2122@gmail.com

CIN: U15400AP2015SGC097161

PAN: AANCA8537G

Date of Incorporation: 12.08.2015

Place of incorporation: Guntur

Website: www.apsbcl.ap.gov.in

Company Secretary: Shri Rajesh Reddy.; Phone number: +91 9701251250; Email ID: apsbcl.cs@gmail.com

Compliance Officer: Shri Rajesh Reddy.; Phone number: +91 9701251250; Email ID: apsbcl.cs@gmail.com

Chief Financial Officer: None; Phone number: Not applicable; Email ID: Not applicable

Promoter: Government of Andhra Pradesh

PLACEMENT MEMORANDUM DATED DECEMBER 19, 2022 FOR PRIVATE PLACEMENT OF SECURED, RATED, LISTED, REDEEMABLE, TAXABLE, NON-CONVERTIBLE BONDS SUPPORTED BY UNCONDITIONAL & IRREVOCABLE GUARANTEE AS A CONTINUING OBLIGATION BY THE GOVERNMENT OF ANDHRA PRADESH FOR THE TIMELY SERVICING OF THE INTEREST AND PRINCIPAL IN RESPECT OF SUCH BONDS OF FACE VALUE OF INR 10 LAKH EACH, FOR CASH AT PAR OF INR 500 CRORES WITH GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION OF UPTO INR 3,195 CRORES; I.E., AGGREGATING TO INR 3,695 CRORES, BY ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED (“APSBCL”/ “ISSUER”) UNDER APSBCL BOND SERIES II 2022-23, COMPRISING OF TEN SUB-SERIES NAMEDLY ‘A’, ‘B’, ‘C’, ‘D’, ‘E’, ‘F’, ‘G’, ‘H’, ‘I’ AND ‘J’ WITH TENURE RANGING FROM 1 YEAR TO 10 YEARS, REDEEMABLE IN FOUR EQUAL QUARTERLY INSTALLMENTS (“BONDS”) BY ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED (“ISSUE”), OUT OF WHICH THE ISSUER HAS ACCEPTED BIDS FOR SUBSCRIPTION TO BONDS OF INR 1,700 CRORES UNDER APSBCL BOND SERIES II 2022-23, COMPRISING OF BASE ISSUE OF INR 500 CRORES AND GREEN SHOE OPTION OF INR 1,200 CRORES.

GENERAL RISK

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the Issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section titled “Management perception of risk factors” of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor’s decision to purchase such securities.

ISSUER’S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue, which is material in the context

of the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading.

CREDIT RATING

The Bonds have been rated 'Provisional IND AA (CE) / Stable' by 'India Ratings & Research Private Limited' and Provisional ACUITE AA+ (CE)/Stable by Acuite Ratings & Research Limited.

Rated Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Link for credit rating press release is as follows:

1. India Ratings & Research Private Limited: <https://www.indiaratings.co.in/pressrelease/58669>;
2. Acuite Ratings & Research Limited: <https://www.acuite.in/documents/ratings/revise/28861-RR-20220617.pdf>;

The Issuer undertakes that both the credit ratings shall be valid as on the date of issuance and as on the date of listing. The above ratings are not recommendation to buy, sell or hold securities and Investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future.

LISTING

The Bonds are proposed to be listed on the Wholesale Debt Market ("WDM") Segment of BSE.

BOND TRUSTEE TO THE ISSUE		REGISTRAR TO THE ISSUE	
	<p>BEACON TRUSTEESHIP LTD. 4C-D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Mumbai 400051. Tel No.: 022-26558759/ 9555449955 Fax No.: NA Email: compliance@beacontrustee.co.in Contact person: Mr. Kaustubh Kulkarni</p>		<p>Beetal Financial & Computer Services Pvt. Ltd. Beetal house, 3rd Floor 99, Madgir, New Delhi 110062 Tel No.: - 011-29961281- 283 Fax No.: - 011-29961284 Email ID - beetalrta@gmail.com Contact Person: Shri Punit Mittal Website : www.beetalfinancial.com</p>
CREDIT RATING AGENCY			
	<p>India Ratings & Research Pvt. Ltd. 4th Floor, Wockhardt Towers, West Wing, BKC, Bandra East, Mumbai 400051. Tel No.: +91-022-40356123 Email ID : anuradha.basumatari@indiaratings.co.in Contact Person: Anuradha Basumatari</p>		<p>Name: Acuite Ratings & Research Limited Address: 708, Lodha Supremus, Lodha iThink Techno Campus, Kanjurmarg (East), Mumbai 400 042 Tel No.: +91-22-49294000 Email ID: info@acuite.in Contact Person: Mr. Parth Pandit</p>
LEGAL COUNSEL TO THE ISSUE		ARRANGER TO THE ISSUE	
	<p>Cyril Amarchand Mangaldas Peninsula Chambers, Peninsula Corporate Park, G.K. Marg, Lower Parel, Mumbai - 400 013 Tel No.: +91 22 249 64455</p>		<p>Trust Investment Advisors Pvt. Ltd. Corporate Office Address: 1101, Naman Centre, BKC, Bandra (East), Mumbai 400051. Tel No.: 022-40845000</p>

	Email ID - leena.chacko@cyrilshroff.com Website: www.cyrilshroff.com Contact Person: Ms. Leena Chacko		Email ID – a.sen@trustgroup.in Website : www.trustgroup.in Contact Person: Mr. Anindya Sen
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ELIGIBLE INVESTORS

- Individuals;
- Hindu Undivided Family;
- Trust;
- Limited liability partnerships;
- Partnership firm(s);
- Portfolio managers registered with SEBI;
- Association of persons;
- Companies and bodies corporate including public sector undertakings;
- Scheduled commercial banks;
- Regional rural banks;
- Financial institutions;
- Insurance companies;
- Mutual funds;
- Foreign portfolio investors; and
- Any other investor eligible to invest in the Bonds as per applicable law.

@For Clarification purpose, provident funds with minimum corpus of INR 250 Million and Pension Funds with minimum corpus of INR 250 million shall be considered under QIB

All investors are required to comply with relevant regulations/ guidelines applicable to the, for investing in the issue of Bonds as per the norms approved by Government of India, Reserve Bank of India or any other statutory body from time to time.

ISSUE SCHEDULE

Issue Opening Date	December 19, 2022	Issue Closing Date	December 19, 2022
Issue Pay in Date	December 21, 2022	Issue Allotment Date	December 21, 2022
Fixed Coupon Rate	9.62% per annum payable quarterly	Coupon Payment Frequency	Quarterly
Redemption Date	Each of the Sub-Series from A to J would be redeemable in 4 (four) equal quarterly instalments of 2.50% each of the aggregate issue size with the redemption of Sub Series A commencing from the end of 1st servicing quarter from the date of allotment. Similarly, redemption of Sub Series B would commence from the end of 5th servicing quarter and so on	Redemption Amount	INR 10,00,000 (Indian Rupees Ten Lakh only) per Bond

In consultation with Arranger, the Issuer reserves the right to pre pone the Issue earlier from the aforesaid date or post pone the Issue at its sole and absolute discretion without giving any reasons or prior notice. In the event of any change in the above Issue program, the Issuer will intimate the Investors about the revised Issue program.

Details about underwriting of the issue including the amount undertaken to be underwritten by the underwriters – The proposed Issue is not underwritten.

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* DEFINITIONS/ ABBREVIATIONS	
APSBCL/ Company/ Issuer	Andhra Pradesh State Beverages Corporation Limited, is a company registered under the provisions of the Companies Act, 2013
Allotment/Allot/ Allotted	The issue and allotment of the Bonds to successful Applicants in relation to the Issue
Application	An application to subscribe to the Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Money by any of the modes as prescribed under this Offer Document.
Application Form	The form in terms of which the Eligible Investors shall make an offer to subscribe to the Bonds and which will be considered as the Application for Allotment of Bonds in terms of this Offer Document.
Application Money	The aggregate value of the Bonds applied for, as indicated in the Application Form for the Issue.
Articles	The articles of association of the Issuer
Beneficial Owner(s)	Bond Holder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996)
Business Days	<p>A day (other than a Sunday and Saturday or a Bank holiday) on which the money market is functioning in Mumbai and when banks are open for general business in Vijayawada:</p> <ol style="list-style-type: none"> 1. If the coupon payment date falls on a holiday, the payment may be made on the following business day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. 2. If the Redemption Date (also being the last coupon payment date) of the debenture falls on a day that is not a Business Day, the redemption proceeds shall be paid by the issuer on the preceding business day along with coupon accrued on the debenture until but excluding the date of such payment <p>#In terms of the SEBI Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, coupon/redemption payments shall be made only on the days when the money market is functioning in Mumbai.</p>
CDSL	Central Depository Services (India) Limited
Companies Act, 1956	The Companies Act, 1956 along with the rules made thereunder, as amended from time to time (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections).
Companies Act, 2013	The Companies Act, 2013 along with the rules made thereunder, to the extent in force pursuant to the notification of the Notified Sections and as amended from time to time.
Debentures/ Bonds/ NCDs	Secured, Rated, Listed, Redeemable, Taxable, supported by Unconditional & Irrevocable Guarantee as a continuing obligation by the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such bonds having Face Value of INR 10,00,000 (Indian Rupees Ten Lakh only) each, for cash, at par.
Bond Holder/ Debenture Holder	The holder of the Bonds
Debenture Trustee/ Trustee to the Issue/ Bond Trustee	Beacon Trusteeship Limited
Bond Trustee Agreement / Debenture Trustee Agreement	The bond trustee agreement dated November 15, 2022 entered into between the Issuer and the Debenture Trustee for appointing the Debenture Trustee

Debenture Trust Deed/ Bond Trust Deed	The debenture trust deed to be entered into between the Debenture Trustee and the Issuer within the prescribed timelines
Depository(ies)	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)
DP	Depository Participant
FY	Financial Year
Issue/Offer/ Offering	Secured, rated, listed, redeemable, taxable, non-convertible bonds supported by unconditional & irrevocable guarantee as a continuing obligation by the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such bonds of face value of INR 10.00 Lakh each, for cash at par of INR 500 crores with green shoe option to retain oversubscription of upto INR 3,195 crores; i.e., aggregating to INR 3,695 crores, by Andhra Pradesh State Beverages Corporation Limited ("APSBCL"/ "Issuer") under APSBCL Bond Series II 2022-23, comprising of ten sub-series namely 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I' and 'J' with tenure ranging from 1 year to 10 years, redeemable in four equal quarterly installments, out of which the Issuer has accepted bids for subscription to Bonds of INR 1,700 Crores under APSBCL Bond Series II 2022-23, comprising of base issue of INR 500 Crores and green shoe option of INR 1,200 Crores.
NSDL	National Securities Depository Limited
IT Act	The Income Tax Act, 1961 (as amended from time to time)
PAN	Permanent Account Number
Registrars to the Issue/ Registrar & Transfer Agent	Beetal Financial & Computer Services (P) Ltd.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time)
TDS	Tax Deducted at Source as per the provisions of the Income Tax Act-and rules there under modified from time to time.

**** DISCLAIMER(S)**

DISCLAIMER OF THE ISSUER

This Placement Memorandum is neither a Prospectus nor is a Statement in Lieu of Prospectus and is prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and any amendments thereto and section 42 of the Companies Act, 2013. This Placement Memorandum does not constitute an offer to public in general to subscribe for or otherwise acquire the Bonds to be issued by the Issuer. This Placement Memorandum is for the exclusive use of the addressee and restricted for only the intended recipient and it should not be circulated or distributed to third party (ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This Bond Issue is made strictly on private placement basis. Apart from Placement Memorandum and Offer Letter, no offer document or prospectus has been prepared in connection with the offering of this Issue or in relation to the Issuer.

The Company has also prepared Offer Letter in PAS-4 format under Companies (Prospectus and Allotment of Securities) Rules, 2014 to be filed with the registrar of companies and SEBI.

This Placement Memorandum is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the Bonds issued by the Issuer. This Placement Memorandum has been prepared to give general information regarding the Issuer to parties proposing to invest in this Issue of Bonds and it does not purport to contain all the information that any such party may require. The Issuer believes that the information contained in this Placement Memorandum is true and correct as of the date hereof. The Issuer does not undertake to update this Placement Memorandum to

reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein from the Issuer. However, the Issuer reserves its right for providing the information at its absolute discretion. The Issuer accepts no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility. Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in debentures. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Placement Memorandum should be construed as advice or recommendation by the Issuer or by the Arranger to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arranger to the Issue does not owe to the subscribers any duty of care in respect of this private placement offer to subscribe for the Bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Bonds and should possess the appropriate resources to analyse such investment and the suitability of such investment to such investor's particular circumstances. It is the responsibility of investors to also ensure that they will sell these Bonds in strict accordance with this Placement Memorandum and other applicable laws, so that the sale does not constitute an offer to the public within the meaning of the Companies Act, 2013. None of the intermediaries or their agents or advisors associated with this issue undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Placement Memorandum or have any responsibility to advise any investor or potential investor in the Bonds of any information available with or subsequently coming to the attention of the intermediaries, agents or advisors.

The Company confirms that, as of the date hereof, this Placement Memorandum contains information that is accurate in all material respects and does not contain any untrue statement of a material fact, or omits to state any material fact, necessary to make the statements herein that would be, in the light of circumstances under which they are made, not misleading. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Company to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Company. The intermediaries and their agents or advisors associated with this issue have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any such intermediary as to the accuracy or completeness of the information contained in this Placement Memorandum or any other information provided by the Company. Accordingly, all such intermediaries associated with this issue shall have no liability in relation to the information contained in this Placement Memorandum or any other information provided by the company in connection with the issue.

Placement Memorandum is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient and the contents of this Placement Memorandum shall be kept utmost confidential. The securities mentioned herein are being issued on private placement basis and this offer does not constitute a public offer/ invitation. The Issuer reserves the right to withdraw the private placement of the Bond Issue prior to the Issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law. In such an event, the Issuer will refund the application money, if any, along with interest payable on such application money, if any.

This Placement Memorandum has not been filed with SEBI. The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Placement Memorandum. It is to

be distinctly understood that this Placement Memorandum should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Placement Memorandum. The Issue of Bonds being made on private placement basis, filing of this Placement Memorandum is not required with SEBI. However, SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Placement Memorandum.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Placement Memorandum has not been approved by Securities & Exchange Board of India (SEBI). The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Placement Memorandum. It is to be distinctly understood that Placement Memorandum / Offer Letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in Placement Memorandum / Offer Letter. Pursuant to rule 14 (3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the company shall maintain a complete record of private placement offers in Form PAS-5. A copy of such records along with the Offer Letter in the form of Form PAS-4 shall be filed with the Registrar of Companies, along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014 and where the company is listed with SEBI within a period of 30 (thirty) days of circulation of the Offer Letter. However, SEBI reserves the right to take up at any point of time, with Issuer, any irregularities or lapses in Placement Memorandum / Offer Letter.

DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of this Placement Memorandum has been submitted to the “BSE Limited (hereinafter referred to as “BSE”) for hosting the same on its website. It is to be distinctly understood that such submission of the Placement Memorandum with BSE or hosting the same on its website should not in any way be deemed or construed that the Placement Memorandum has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum ; nor does it warrant that the Issuer’s securities will be listed or continue to be listed on the Stock Exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

The issuer has prepared this Placement Memorandum and the Issuer is solely responsible for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental and corporate approvals for the issuance of the Bonds. All the information contained in this Placement Memorandum has been provided by the issuer or is publicly available information. Arranger hereby expressly disclaims, to the fullest extent permitted by law, any responsibility for the contents of this Disclosure Document and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Disclosure Document or any information or errors contained therein or any omissions therefrom. By accepting this Disclosure Document, you agree that the Arranger will not have any such liability.

You should carefully read and retain this Disclosure Document. However, you are not to construe the contents of this Disclosure Document as investment, legal, accounting, regulatory or tax advice, and You should consult with your own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Bonds.

DISCLAIMER IN RESPECT OF JURISDICTION

The private placement of Bonds is made in India to Companies, Corporate Bodies, Trusts registered under the Indian Trusts Act, 1882, Societies registered under the Societies Registration Act, 1860 or any other applicable laws, provided that such Trust/ Society is authorised under constitution/ rules/ byelaws to hold Bonds in a Company, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Insurance Companies, Commercial Banks including Regional Rural Banks and Cooperative Banks, Provident, Pension, Gratuity, Superannuation Funds as defined under Indian laws. The Placement Memorandum does not, however, constitute an offer to sell or an invitation to subscribe to securities offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Placement Memorandum comes is required to inform him about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of courts and tribunals of Chennai. All information considered adequate and relevant about the Issuer has been made available in this Placement Memorandum for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever.

DISCLAIMER OF THE ARRANGER AND ADVISOR TO THE ISSUE

It is advised that the Issuer has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in this Placement Memorandum. The role of the Advisors and Arranger to the Issue (collectively referred to as "Arranger"/ "Arranger to the Issue") in the assignment is confined to marketing and placement of the Bonds on the basis of this Placement Memorandum as prepared by the Issuer. The Arranger have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Placement Memorandum. The Arranger shall use this Placement Memorandum for the purpose of soliciting subscription from a particular class of eligible investors in the Bonds to be issued by the Issuer on private placement basis. It is to be distinctly understood that the aforesaid use of this Placement Memorandum by the Arranger should not in any way be deemed or construed that the Placement Memorandum has been prepared, cleared, approved or vetted by the Arranger; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum ; nor do they take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer. Arranger is not responsible for compliance of any provision of the Companies Act. The Arranger or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damages of whatsoever nature arising out of and in connection with the use of any of the information contained in this Placement Memorandum.

DISCLAIMER BY BOND TRUSTEE

The Bond Trustee is not a guarantor and will not be responsible for any non-payment of interest and redemption and/or any loss or claim.

DISCLAIMER IN RESPECT OF CREDIT RATING

The rating for the Securities under Issue is 'Provisional IND AA (CE) / Stable' by India Ratings & Research Private Limited and Provisional ACUITE AA+(CE)/Stable from Acuité Ratings & Research Limited. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agency has the right to suspend, withdraw the rating at any time on the basis of new information, etc.

This Disclosure Document is prepared under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 dated August 9, 2021, as amended from time to time, for private placement of the Bonds is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the debt securities to be issued by the Company. This is only an information brochure intended for private use.

****LIST OF DOCUMENTS TO BE FILED WITH THE STOCK EXCHANGE**

The Issuer shall file the following disclosures along with the listing application to the stock exchange:

- A. Copies of audited financial statements (latest available) for three years.
- B. Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories.
- C. Bond Trust Deed would be executed within the time frame prescribed in the relevant regulations/act/rules etc. and the same would be uploaded on the website of the Designated Stock exchange, where the Bonds have been listed.
- D. Statement containing particular of, date of, and parties to all material contracts and list of authorised signatories.
- E. Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

**** LIST OF DOCUMENTS TO BE DISCLOSED TO THE BOND TRUSTEE**

The Issuer shall submit the following to the Bond Trustee in electronic form (soft copy) at the time of allotment of the Bonds:

- A. Copies of audited financial statements (latest available) for three years;
- B. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- C. Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information (Profit & Loss statement, Balance Sheet and Cash Flow statement) and auditor qualifications, if any;
- D. An undertaking to the effect that the Issuer would, till the redemption of the Bonds, submit the details mentioned in point (C) above to the Bond Trustee within the timelines as mentioned in Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 (one hundred eighty) days from the end of the financial year, submit a copy of the latest annual report to the Bond Trustee and the Bond Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholders within 2 (two) working days of their specific request.

(A) ISSUER INFORMATION: NAME AND ADDRESS OF THE FOLLOWING:

SR. No	PARTICULARS	:	DETAILS
(i)	REGISTERED OFFICE OF THE ISSUER		
•	Name	:	Andhra Pradesh State Beverages Corporation Limited
•	Address	:	1st Floor, Proh. & Excise Complex, D.No.5-69-55/9A , Taluk Office Compound, 6/1, Brodipet Guntur, Andhra Pradesh - 522002
•	Tele No	:	0866-2844699
•	Fax No	:	NA
•	Email	:	apsbclco2122@gmail.com
•	Website	:	www.apsbcl.ap.gov.in

(ii) CORPORATE OFFICE OF THE ISSUER		
•	Name	: Andhra Pradesh State Beverages Corporation Limited
•	Address	: 4th Floor, Prohibition & Excise Complex, S.No. 88-2b, Poultryfarm Road, Prasadampadu (V), Vijayawada – 521108.
•	Tele No	: 0866-2844699
•	Fax No	: NA
•	Email	: apsbclco2122@gmail.com
•	Website	: www.apsbcl.ap.gov.in

(iii) COMPLIANCE OFFICER OF THE ISSUER		
•	Name	: Shri Rajesh Reddy
•	Address	: 6-26, Kollafarm Road, SER Center, Prasadampadu, Vijayawada-521108
•	Tele No	: 9701251250
•	Fax No	: NA
•	Email	: apsbcl.cs@gmail.com
•	Website	: www.apsbcl.ap.gov.in

(iv) CHIEF FINANCIAL OFFICER OF THE ISSUER		
•	Name	: None
•	Address	: Not applicable
•	Tele No	: Not applicable
•	Fax No	: Not applicable
•	Email	: Not applicable
•	Website	: Not applicable

(v) ARRANGER(S) TO THE ISSUE		
A	Name	: TRUST INVESTMENT ADVISORS PVT. LTD
•	Registered Office Address	: 109 & 110, First Fl, Balarama Premises Co-Op Soc, Vilg Parigkhari, Bandra Kurla Complex, Bandra (E), Mumbai - 400051
•	Corporate Office Address	: 1101, Naman Centre, G Block, C-31, BKC, Bandra (E), Mumbai - 400051
•	Tele No	: 022-40845000
•	Fax No	: 022-40845007
•	Email	: a.sen@trustgroup.in
•	Website	: www.trustgroup.in
	Contact Person	: Mr. Anindya Sen

(vi) BOND TRUSTEE OF THE ISSUE		
•	Name	: BEACON TRUSTEESHIP LTD.
•	Address	: 4C-D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket club, Mumbai 400051.
•	Tele No	: +91-22-26558759 / 9555449955
•	Fax No	: NA
•	Email	: compliance@beacontrustee.co.in
•	Website	: www.beacontrustee.co.in
	Contact Person	: Mr. Kaustubh Kulkarni

(vii) REGISTRAR TO THE ISSUE		
•	Name	: BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.
•	Address	: 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi 110062

•	Tele No	:	011-29961281
•	Fax No	:	011-29961284
•	Email	:	beetalrta@gmail.com
•	Website	:	www.beetalfinancial.com
	Contact Person	:	Shri Punit Mittal

(viii)	CREDIT RATING AGENCY		
A	Name	:	India Ratings & Research Pvt. Ltd
•	Address	:	4 TH Floor, Wockhardt Towers, West Wing, Bandra Kurla Complex, Bandra East, Mumbai 400051
•	Tele No	:	022 4000 1700
•	Fax No	:	NA
•	Email	:	anuradha.basumatari@indiaratings.co.in
•	Website	:	https://www.indiaratings.co.in
•	Contact Person	:	Anuradha Basumatari

B	Name	:	Acuite Ratings & Research Limited
•	Address	:	708, Lodha Supremus, Lodha iThink Techno Campus, Kanjurmarg (East), Mumbai 400 042
•	Tele No	:	+91-22-49294000
•	Fax No	:	NA
•	Email	:	info@acuite.in
•	Website	:	https://www.acuite.in/
•	Contact Person	:	Mr. Parth Pandit

(ix)	AUDITORS OF THE ISSUER		
A	Name	:	GC Reddy and Associates
•	Address	:	H.No. 16-13-8,13/3,Arundalpetta, Guntur - 522002, Guntur District, Andhra Pradesh
•	Tele No	:	9989799099
•	Fax No	:	NA
•	Email	:	gvreddyca@yahoo.com
•	Website	:	www.gcra.com
•	Contact Person	:	G Vijendra Reddy

(x)	LEGAL COUNSEL		
A	Name	:	Cyril Amarchand Mangaldas
•	Address	:	Peninsula Chambers, Peninsula Corporate Park, G.K. Marg, Lower Parel, Mumbai - 400 013
•	Tele No	:	+91 22 249 64455
•	Fax No	:	NA
•	Email	:	leena.chacko@cyrilshroff.com
•	Website	:	www.cyrilshroff.com
•	Contact Person	:	Ms. Leena Chacko

(xi)	GUARANTOR		
A	Name	:	Government of Andhra Pradesh
•	Address	:	Additional Secretary, Finance Department, 2nd Block, First Floor, A.P. Secretariat Office, Velagapudi, Amaravati - 522238.
•	Tele No	:	+91 90102 03540
•	Fax No	:	NA

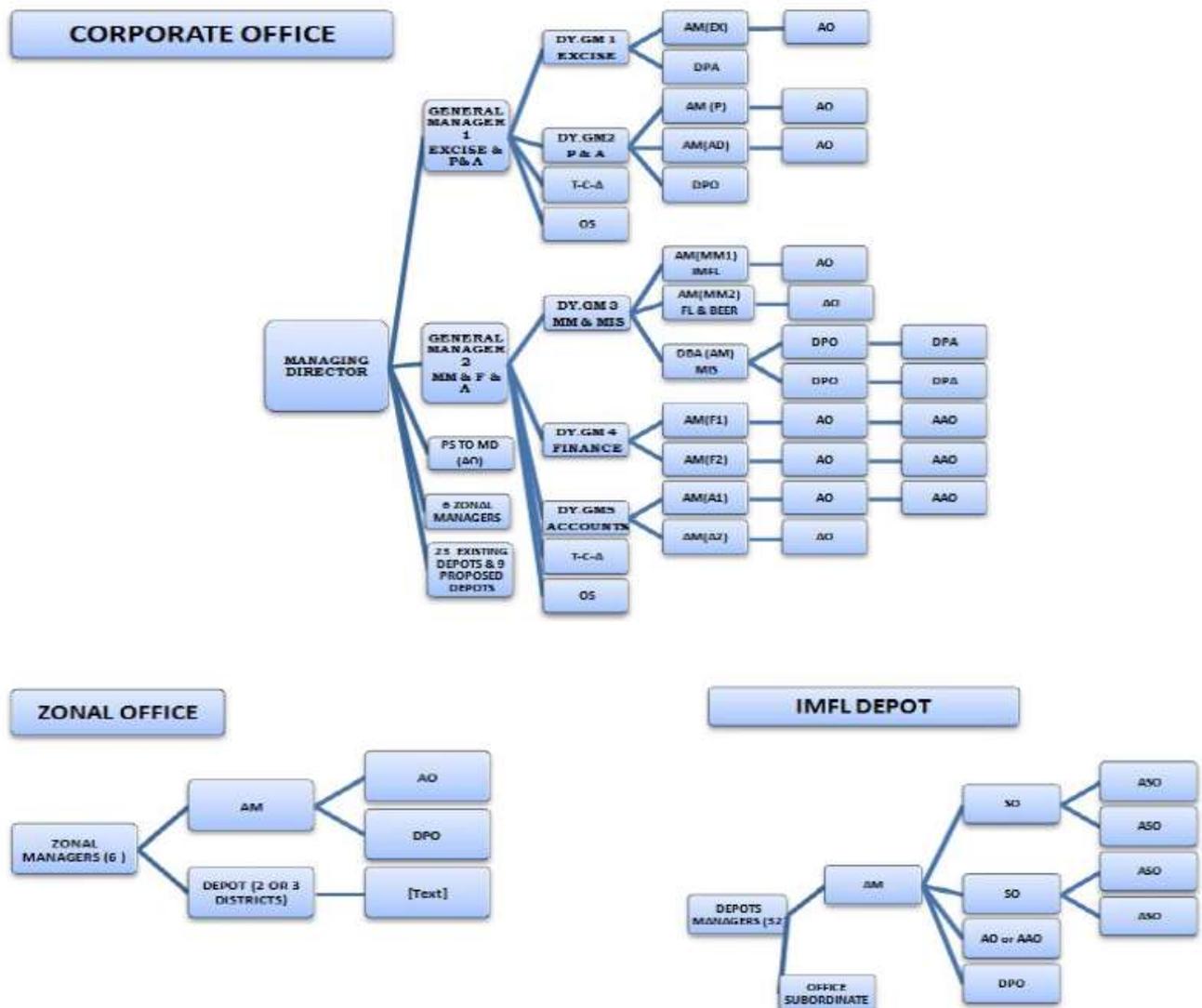
•	Email	:	adinarayanakas@gmail.com
•	Website	:	www.ap.gov.in
•	Contact Person	:	Shri K. Adinarayana, Additional Secretary to the Government of Andhra Pradesh, Finance Department

B) BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF THE ISSUER AND ITS LINE OF BUSINESS CONTAINING ATLEAST FOLLOWING INFORMATION: -

(i) OVERVIEW: -

The Andhra Pradesh State Beverages Corporation Limited (“**APSBCL**” or the “**Corporation**”) is a fully owned undertaking of the Government of Andhra Pradesh. APSBCL is engaged in the activities of selling of Indian Made Foreign Liquor (IMFL) and beer bottles through retail outlets and wholesale trading in Andhra Pradesh. APSBCL has been conferred the exclusive privilege of selling by shop for the whole of Andhra Pradesh.

(ii) CORPORATE STRUCTURE: -



(iii) KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 6 YEARS AND QUARTER ENDED JUNE 30, 2022 AND HALF YEAR ENDED SEPTEMBER 30, 2022: -

(a) STANDALONE BASIS:

(Amount in Rs. Lakhs)

Parameters	As on 30.09.2022	As on 30.06.2022	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
	(Unaudited)	(Limited Reviewed)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Balance Sheet								
Net Fixed assets	1,843.72		2,206.00	2,053.22	2,319.13	128.61	83.35	78.78
Current assets	4,71,371.92		2,45,726.28	2,13,136.96	1,83,917.96	8,358.84	5,171.06	2,328.08
Non-current assets	8,11,193.01		1,454.69	1448.69	2,533.09	958.31	49.3	7.33
Total assets	12,84,408.65		2,49,386.97	2,16,638.87	1,88,770.18	9,445.76	5,303.71	2,414.19
Non-Current Liabilities	8,09,737.50	-	-	-	-	-	-	
(including maturities of long-term borrowings and short-term borrowings)		-	-	-	-	-	-	
Financial (borrowings, trade payables, and other financial liabilities)		-	-	-	-	-	-	
Provisions		-	-	-	-	-	-	
Deferred tax liabilities (net)		-	-	-	-	-	-	
Other non-current liabilities		-	-	-	-	-	-	
Current Liabilities		-	-	-	-	-	-	
(including maturities of long-term borrowings)		-	-	-	-	-	-	
Financial (borrowings, trade payables, and other financial liabilities)	2,17,465.17		1,78,922.45	1,40,000.00	1,00,000.00	-	-	
Provisions	19.5		1,608.57	26.62	3,658.08	4,771.95	2,456.25	530.88
Current tax liabilities (net)	750.21		54,209.16	72,307.31	80,376.79	312.46	315.76	957.16
Other current liabilities								
Total liabilities	10,27,972.38		2,34,740.18	2,12,333.93	1,84,034.87	5,084.41	2,772.01	1,488.04
Equity (equity and other equity)	2,56,436.27		14,646.79	4,304.95	4,735.31	4,361.35	2,531.70	926.15
Total equity and liabilities	12,84,408.65		2,49,386.97	2,16,638.88	1,88,770.18	9,445.76	5,303.71	2,414.19
Profit and Loss								
	3,26,499.97	3,24,206.46				8,393.79	7,334.90	5,525.41

Total revenue From Operations			23,02,928.84	18,07,403.14	8,99,997.93			
Other income	3,653.69	3,029.75	10,954.86	10,296.65	284.92	124.76	0.76	0.35
Total Expenses	2,46,895.83	1,68,759.63	22,98,874.93	18,21,652.86	8,99,755.27	5,896.38	5,079.41	4,070.77
Total comprehensive income Profit / loss	83,257.83	1,58,476.58	11,935.92	-911.17	527.59	2,622.17	2,256.25	924.12
Other comprehensive income	-	-	-	-	-	-	-	
Profit Before tax	83,257.83	1,58,476.58	11,935.92	-911.17	527.59	2,622.17	2,256.25	1,454.98
Profit / loss after tax	83,257.83	1,58,476.58	10,341.85	-430.37	373.95	1,829.65	1,605.55	924.12
Earnings per equity share: (a) basic; and (b) diluted Continuing operations	166.52	316.95	20.68	-0.86	0.75	3.66	3.21	
Discontinued operations		-	-	-	-	-	-	
Continuing and discontinued operations		-	-	-	-	-	-	
Cash Flow								
Net cash generated from operating activities	-5,82,366.15		38,524.55	-1,69,862.21	76,991.87	6.59	2,993.34	378.44
Net cash used in / generated from investing activities	-98,171.06		9,215.86	299.33	-4,309.92	24.17	-77.47	-103.14
Net cash used in/generated from financing activities	7,87,508.21		-10,030.17	29,987.42	99,978.39	67.92	-	
Cash and cash equivalents	1,79,209.70		74,084.96	36,374.72	1,75,950.20	3,289.86	3,191.18	275.31
Balance as per statement of cash flows	1,79,209.70		74,084.96	36,374.72	1,75,950.20	3,289.86	3,191.18	275.31
Additional information								
Net worth	2,56,228.85	1,73,173.45	14,646.79	4,304.95	4,735.31	4,361.35	2,531.70	926.15
Cash and Cash Equivalents*	2,80,227.90		74,084.96	36,374.72	1,75,950.20	3,289.86	3,191.18	275.31
Current Investments								
Net Sales	3,26,499.97	3,24,206.46	23,02,928.84	18,07,403.14	8,99,997.93	8,393.79	7,334.90	5,525.41
EBIDTA	1,03,527.75	1,62,262.26	25,999.82	7,257.04	1,355.73	2,738.96	2,292.03	1,472.02
EBIT	1,03,236.44	1,61,989.26	25,038.94	6,079.57	589.67	2,690.09	2,256.25	1,454.98
Dividend amounts	-	-	-	-	-	-	-	
Long term debt to working capital	3.20	1.86	-	-	-	-	-	
Current Liability ratio	0.21	0.19	-	-	-	-	-	

Current liabilities / Non-current liabilities								
Total Debts to Total assets#	0.74	0.81	-	-	-	-	-	
Debt Service Coverage Ratios*	2.54	0.17	-	-	-	-	-	
Interest service coverage ratio*	5.17	46.12	-	-	-	-	-	

Note: Pursuant to the application made by the Issuer, SEBI has permitted the Issuer to issue the Bonds through private placement subject to submission of latest available audited annual reports and disclosure of audited financials, pending Comptroller and Auditor General of India (CAG) report, for the period upto June 30, 2022.

Gross Debt: Equity Ratio of the Company (#):

Before the issue of debt securities	3.6305
After the issue of debt securities	4.2940

*Cash and Cash Equivalents figure includes bank balances of INR 1,01,018.20 lakhs.

This includes INR 1,412.62 crores of subordinated non-interest bearing debt in form of quasi.

Note - Equity considered as on 30.09.22 and debt considered as on date for the purpose of calculating debt-equity ratio.

- (iv) A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) on a standalone basis for a period of three completed years which shall not be more than six months old from the date of the Placement Memorandum or issue opening date, as applicable.

Columnar representation of the audited standalone financial statements for FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20, FY 2020-21 and FY 2021-22:

BALANCE SHEET

(Rs. In Lakhs)

Particulars	As at 30th September 2022	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017
I. EQUITY AND LIABILITIES							
1 Shareholders' Funds							
(a) Share Capital	5	5	5	5	5	5	5
(b) Reserves and Surplus	2,56,431.27	14,641.79	4,299.94	4,730.31	4,356.35	2,526.70	921.15
Total Equity	2,56,436.27	14,646.79	4,304.94	4,735.31	4,361.35	2,531.70	926.15
2 Share Application Money Pending Allotment							
3 Non-current liabilities							
(a) Long-term borrowings	8,09,737.50	-	-	-	-	-	-
(b) Deferred tax liabilities (Net)	-	-	-	-	-	-	-

Particulars		As at 30th September 2022	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017
(c)	Long-term provisions	-	-	-	-	-	-	-
4	Current liabilities							-
(a)	Short-term borrowings	1,41,262.00	1,40,000.00	1,40,000.00	1,00,000.00	-	-	-
(b)	Trade payables	36,699.03	-	-	-	-	-	-
(c)	Other current liabilities*	40,254.35	54,209.16	72,307.31	80,376.79	312.46	2,116.45	957.16
(d)	Short-term provisions	19.50	1608.57	26.62	3,658.09	4,771.96	655.56	530.88
	Total Current liabilities	2,18,234.88	2,34,740.18	2,12,333.93	1,84,034.87	5,084.42	2,772.01	1,488.04
	Total Equity & Liabilities	12,84,408.65	2,49,386.97	2,16,638.87	1,88,770.18	9,445.77	5,303.71	2,414.19
II.	ASSETS							
1	Non-current assets							
(a)	Property Plant and Equipments							
	(i) Tangible assets	1,843.72	2,206.00	2,053.22	2,319.13	128.61	83.35	78.78
	(ii) Intangible assets		-	-	-	-	-	-
	(iii) Capital work-in-progress		-	-	-	-	-	-
(b)	Non-current investments		-	-	-	-	-	-
(c)	Long-term loans and advances		6.1	0.1	1,585.42	50.81	44.43	7.32
(d)	Deferred tax assets	1,448.59	1,448.59	1,448.59	947.67	907.5	4.87	0.02
(e)	Other non-current assets	8,09,744.42	-	-	-	-	-	-
	Total of non-current assets	8,13,036.73	3,660.69	3,501.91	4,852.23	1,086.93	132.65	86.11
2	Current assets							
(a)	Current Investments	-	-	-	-	-	-	-
(b)	Inventories	-	-	-	-	-	-	-
(c)	Trade receivables	-	-	-	5,764.39	3,308.76	-	-
(d)	Cash and cash equivalents	2,80,227.90	74,084.96	36,374.72	1,75,950.20	3,289.86	3,191.18	275.31
(e)	Short-term loans and advances	1,77,134.86	1,69,681.12	1,75,457.64	977.77	646.63	381.09	222.98
(f)	Other current assets	14,009.16	1,960.20	1,304.60	1,225.59	1,113.59	1,598.80	1,829.80
	Total current assets	4,71,371.92	2,45,726.28	2,13,136.96	1,83,917.96	8,358.84	5,171.06	2,328.08
	Total Assets	12,84,408.65	2,49,386.97	2,16,638.87	1,88,770.18	9,445.77	5,303.71	2,414.19

(* Other Current Liabilities figure as on 30.09.22 includes Other Financial Liabilities of Rs. 39,504.14 lakhs and Other Current Liabilities of Rs.750.21 lakhs)

PROFIT & LOSS STATEMENT

(Rs. In Lakhs)

Particulars		For Quarter Ended 30 th September 2022	For Quarter Ended 30th June 2022	For Year Ended 31st March 2022	For Year Ended 31st March 2021	For Year Ended 31st March 2020	For Year Ended 31st March 2019	For Year Ended 31st March 2018	For Year Ended 31st March 2017
I.	Revenue From Operations	3,26,499.97	3,24,206.46	23,02,928.84	18,07,403.14	8,99,997.94	8,393.79	7,334.90	5525.41
II.	Other Income	3,653.69	3,029.75	10,954.86	10,296.65	284.92	124.76	0.76	0.35
III.	Total Income (I + II)	3,30,153.66	3,27,236.21	23,13,883.70	18,17,699.79	9,00,282.86	8,518.55	7,335.66	5,525.76
IV.	Expenses:								
	Cost of Materials Consumed		-	-	-	-	-	-	-
	Purchases of Stock-in-Trade	1,06,330.6	1,05,110.60	19,55,818.47	17,52,126.47	8,64,571.15	-	-	-
	Changes in inventories of Finished Goods, WIP & Stock-in-trade		-	-	-	-	-	-	-
	Employee Benefit Expenses	1,004.88	812.95	3,407.01	3,536.28	3,177.49	3,142.76	2,827.53	2,461.01
	Finance Cost	19,978.61	3,512.68	10,030.17	10,032.64	62.08	67.92	-	-
	Depreciation	291.31	273	960.88	1,177.47	766.07	48.87	35.78	17.04
	Other Expenses	1,19,290.87	59,050.40	3,28,658.40	54,780.00	31,178.48	2,636.84	2,216.10	1,592.72
	Total Expenses	2,46,895.83	1,68,759.63	22,98,874.93	18,21,652.85	8,99,755.27	5,896.39	5,079.41	4,070.77
V.	Profit Before Exceptional Items and Tax (III-IV)	83,257.83	1,58,476.58	15,008.77	-3,953.07	527.59	2,622.17	2,256.25	1,454.99
VI.	Exceptional Item		-	3,072.85	3,041.90	-	-	-	-
VII	Profit Before Tax (V- VI)	83,257.83	1,58,476.58	11,935.92	-911.16	527.59	2,622.17	2,256.25	1,454.99
VII I	Tax Expense:								
	Current tax - relating to current period	-	-	1,594.07	20.12	193.8	1,161.21	655.56	530.88
	Current tax - relating to prior period	-	-	-	-	-	533.94	-	-
	Deferred tax - relating to current period	-	-	-	-500.92	-40.17	-382.95	-4.85	-0.02
	Deferred tax - relating to prior period	-	-	-	-	-	-519.69	-	-
IX	Profit For The Year (VII-VIII)	83,257.83	1,58,476.58	10,341.85	-430.36	373.95	1,829.66	1,605.54	924.12
X	Earnings Per Equity Share:								
	Basic & Diluted Earnings Per Share	166.52	316.95	20.68	-0.86	0.75	3.66	3.21	1.85

CASH FLOW STATEMENT

(Rs. In Lakhs)

Particulars	For Quarter Ended 30th September 2022	For Year Ended 31st March 2022	For Year Ended 31st March 2021	For Year Ended 31st March 2020	For Year Ended 31st March 2019	For Year Ended 31st March 2018	For Year Ended 31st March 2017
A) Cash flow arising from Operating Activities							
Net Profit/ (loss) before tax as per Profit and Loss Account	2,41,734.40	11,935.92	-911.16	527.59	2,622.17	2,256.25	1,454.98
Add/(Less):							
Interest Income	-1,202.91	-	-260.47	-183.53	-124.67	-	-
Depreciation	564.32	960.88	1,177.47	766.07	48.87	35.78	17.04
Adjustment of Non-Cash items					1,279.17	-	-
- Reversal of Provision for GST & Service Tax and ITC	-	0	-3,041.90	-	-	-	-
- Write off of Assets	-	-		2.25	-	-	-
-Prior period Adjustments	12.80	-	-	-	-	-	-
Interest and finance Charges (Net)	23,491.29	10,030.17	10,032.64	62.08	-	-	-
Operating Cash Profit Before Working Capital changes	2,64,599.90	12,591.47	6,996.57	1,174.45	3,825.52	2,292.03	1,472.02
Changes in working capital							
(Increase)/Decrease in Trade Receivables	-	0	5,764.39	-2,455.63	-	-	-
(Increase)/Decrease in Other current assets	-8,30,835.09	-655.61	-414.15	-112	-3,071.00	800.91	-1,826.60
(Increase)/Decrease in Loans and Advances	-	5,776.52	-1,73,844.95	-331.14	-265.54	-158.11	-222.97
Increase/(Decrease) in Trade and other payables	-2,223.41	38,922.43	-		-	-	-
Increase/(Decrease) in Other Current Liabilities	-13,907.55	18,098.14	-8,069.48	80,064.32	357	1,159.29	955.99
Cash Generated from Operations	-5,82,366.15	25,933.08	1,76,564.18	77,165.55	2,979.55	1,802.10	-1,093.58
Less: Direct Taxes paid (Net of Refunds)	-	0	-294.59	-1,348.13	839.38	-1,100.79	-
Net Cash inflow in the course of operating activities (A)	-5,82,366.15	38,524.55	1,69,862.21	76,991.87	6.6	2,993.34	378.44
B) Cash flow arising from Investing Activities							
Inflow							

Particulars	For Quarter Ended	For Year Ended	For Year Ended	For Year Ended	For Year Ended	For Year Ended	For Year Ended
	30th September 2022	31st March 2022	31st March 2021	31st March 2020	31st March 2019	31st March 2018	31st March 2017
Long Term Loans And Advances		-6	950.4	-1,534.61	-6.38	-37.11	-7.32
Investment in bank deposits	-99,171.94	-	-	-	-	-	-
Interest income	1,202.91	10,335.50	260.47	183.53	124.67	-	-
			1,210.87	-1,351.08	118.29	-37.11	-7.32
Outflow							
Acquisition of fixed assets	-202.03	-1,113.66	-911.56	-2,958.85	-94.12	-40.36	-95.82
Net Cash outflow in the course of investing activities (B)	-98,171.06	9,215.86	299.31	-4,309.92	24.17	-77.47	-103.14
C) Cash flow from Financing Activities							
Inflow							
Increase in Working Capital Loan from a Bank	-	0	40,000.00	1,00,000.00	-	-	-
Proceeds of long term borrowings	8,30,500.00	-	-	-	-	-	-
Proceeds of short term borrowings	1,41,262.00						
Outflow							
Interest paid	-23,491.29	10,030.17	-10,012.58	-21.61	-67.92	-	-
Repayments of long term borrowings	-20,762.50						
Repayments of short term borrowings	-1,40,000.00						
Net cash flow in the course of Financing activities (C)	7,87,508.21	10,030.17	29,987.42	99,978.39	-67.92	-	-
Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)	1,06,971.00	37,710.24	-1,39,575.48	1,72,660.33	98.69	2,915.87	275.31
Add: Balance at the beginning of the year	72,238.70	36,374.72	1,75,950.33	3,290.00	3,191.18	275.31	-
Cash/Cash equivalent at the close of the year	1,79,209.70	74,084.96	36,374.85	1,75,950.33	3,289.87	3,191.18	275.31

(#Pursuant to the application made by the Issuer, SEBI has permitted the Issuer to issue the Bonds through private placement subject to submission of latest available audited annual reports and disclosure of audited financials, pending Comptroller and Auditor General of India (CAG) report, for the period upto June 30, 2022)

Details of any other contingent liabilities of the issuer based on the last audited financial statements including amount and nature of liability: NIL

(v) PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS: -

Not applicable

(vi) **SUBSIDIARIES OF THE COMPANY (If any):** None

(C) **A BRIEF HISTORY OF THE ISSUER SINCE ITS INCORPORATION GIVING DETAILS OF ITS FOLLOWING ACTIVITIES: -**

i. **DETAILS OF SHARE CAPITAL AS ON LAST QUARTER END: -**

Share Capital	Rs. In lakhs
Authorized Share Capital	10.00
Issued, Subscribed and Paid-up Share Capital	5.00

ii. **CHANGES IN ITS CAPITAL STRUCTURE AS ON LAST QUARTER END, FOR THE LAST FIVE YEARS:**

No change in the capital structure in the last 5 years.

Date of change (AGM/EGM)	Rs	Particulars
NA	NA	NA

iii. **EQUITY SHARE CAPITAL HISTORY OF THE COMPANY AS ON LAST QUARTER END, FOR THE LAST FIVE YEARS: - No equity share capital was issued in the last five years**

Date of Allotment	No of Equity Shares	Face Value (Rs.)	Issue Price (In Rs)	Consideration (Cash, other than cash, etc.)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity share capital (Rs.)	Equity share premium (in Rs.)	
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Notes (If any): None

iv. **DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR: - None**

v. **DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR: - None**

Type of Event	Date of Announcement	Date of Completion	Details
NA	NA	NA	NA

(D) DETAILS OF THE SHAREHOLDING OF THE COMPANY AS ON THE LATEST QUARTER END

i. SHAREHOLDING PATTERN OF THE COMPANY AS ON LAST QUARTER END

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held (b)
								Class as per SCRR, 1957	Class as per SCRR, 1957	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)		(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)		
(A)	Promoter & Promoter Group	7	500			500	100	500	0	500	100	0	0	0	0			
(B)	Public																	
(C)	Non Promoter - Non Public																	
(C1)	Shares Underlying DRs																	
(C2)	Shares Held By Employee Trust																	
	Total	7	500			500	100	500	0	500	100	0	0	0	0			

Note: No shares are pledged or encumbered by the Promoter.

Statement showing shareholding pattern of the Promoter and Promoter Group

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held (b)
								Class as per SCRR, 1957	Class as per SCRR, 1957	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)		(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)		
1	Indian																	
(a)	Individuals / Hindu	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		

Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
							No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held (b)
							Class eg: X	Class eg: Y	Total								
(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
Undivided Family																	
(b) Central Government / State Government(s)	1	494	0	0	494	98.80	494	0	0	494	0	98.80	0	0	0	0	0
(c) Financial Institutions / Banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d) Any Other State Government nominee (Specify)	6	06	0	0	06	1.2	06	0	0	06	0	1.2	0	0	0	0	0
Sub Total (A)(1)	7	500	0	0	500	100.00	500	0	0	500	0	100.00	0	0	0	0	0
2 Foreign																	
(a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b) Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c) Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d) Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
							No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
							Class eg: X	Class eg: Y								
(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(Specify)																
Sub Total (A)(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)	7	500	0	0	500	100.00	500	0	0	500	0	100.00	0	0	0	0

Table III - Statement showing shareholding pattern of the Public shareholder

Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
							No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
							Class eg: X	Class eg: Y								
(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1 Institutions																
(a) Mutual Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b) Venture Capital Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c) Alternate Investment Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights	Total as a % of (A+B+C)				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(e)	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(f)	Financial Institutions / Banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(g)	Insurance Companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(h)	Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(i)	Any Other (Specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total (B)(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Central Government/ State Government(s)/ President of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total (B)(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Non-Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(a)	Individuals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b)	NBFCs registered with RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights	Total as a % of (A+B+C)				No.	As a % of total Shares held (a)	No.	As a % of total Shares held (a)	
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(c)	Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	Any Other (Specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	IEPF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Foreign Nationals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Hindu Undivided Family	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Foreign Companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Non Resident Indians (Non Repat)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Non Resident Indians (Repat)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	LLP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Office Bearers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Foreign Portfolio Investor (Individual)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Clearing Member	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Bodies Corporate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total (B)(3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
							No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
							Class: X	Class: Y									Total
(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
1	Custodian/DR Holder																
(a)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b)	Total Non-Promoter- Non Public Shareholding (C) = (C)(1)+(C)(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Notes: - Shares pledged or encumbered by the promoters (if any)

ii. LIST OF TOP 10 HOLDERS OF EQUITY SHARES OF THE COMPANY AS ON THE LATEST QUARTER END

Sl. No.	Name of the shareholders	Total No. of Equity Shares	No. of Shares in demat form	Total Shareholding as % of total no. of equity shares
1	Deputy Secretary to Govt., Revenue Dept., Government of Andhra Pradesh	494	0	98.80
2	Managing Director	1	0	0.2
3	Director of Enforcement, Prohibition and Excise	1	0	0.2

Sl. No.	Name of the shareholders	Total No. of Equity Shares	No. of Shares in demat form	Total Shareholding as % of total no. of equity shares
4	Additional Commissioner of Prohibition. & Excise	1	0	0.2
5	Assistant Secretary to Government, Revenue Dept., Government of Andhra Pradesh	1	0	0.2
6	Section Officer, Revenue Dept., Government of Andhra Pradesh	1	0	0.2
7	Assistant Section Officer, Revenue Dept., Government of Andhra Pradesh	1	0	0.2
	TOTAL	500	0	100.00

E) FOLLOWING DETAILS REGARDING THE DIRECTORS OF THE COMPANY: -

(i) DETAILS OF THE CURRENT DIRECTORS OF THE COMPANY *

Name , Designation, Occupation and DIN	Age	Address	Director of the Company since	Details of other directorship	Whether willful Defaulter (Yes/No)
Dr RAJAT BHARGAVA, IAS Chairman Occupation: Service DIN: 08529091	57	19B, SP Marg, Railway Colony, Chanakyapuri, NDMC, South West, Delhi- 110021	29.04.2020	1. Andhra Pradesh Tourism Development Corporation Limited - Nominee Director 2. Andhra Pradesh State Financial Services Corporation Limited- Nominee Director	No
Shri VASUDEVA REDDY DONTIREDDY, IRTS Managing Director Occupation: Service DIN: 08838408	43	Flat No 101, Oak Brook Residency, Road No 9,Kakatiya Hills, Guttala, Begumpet, Madhapur, KV Rangareddy, Hyderabad, Telangana- 500081	13.09.2019	N.A	No
Shri ADINARAYANA KUMBHA Director Occupation: Service DIN: 08147764	52	H NO 3-95, Jandachettu Centre, Lankelakurapa du, Guntur- 522408	14.11.2019	1. Leather Industries Development Corpn Of Andhra Pradesh Limited 2. Andhra Pradesh Technology Services Limited 3. Rythu Sadhikara Samstha 4. Meat Development Corporation of Andhra Pradesh Limited 5. AP Drones Corporation Private Limited	No

Name , Designation, Occupation and DIN	Age	Address	Director of the Company since	Details of other directorship	Whether willful Defaulter (Yes/No)
Shri VENKATESWARLU SYAMANABOINA Director Occupation: Service DIN: 08893025	55	12-460/5, Flat No- 412(E), V.R Residency, Near Manipal Hospital, Tadepalle, Guntur, Andhra Pradesh- 522501	19.11.2019	N.A	No
Shri Vivek Yadav Director Occupation: Service DIN: 08396206	40	A-8, Joint Collector Bungalow, Official Colony, Srikakulam, Andhra Pradesh - 532001	06.04.2022	1. Amaravati Development Corporation Limited	No
Shri Pegatraju Aruna Independent Director Occupation: DIN: 00487740	64	96/2,Nishanth Enclave, 13H, main road 3 rd cross, Bangalore - 560008	14.11.2022	MARIGOLD AQUA AND AGRO PRIVATE LIMITED	No
Shri Pradeep Atoori Independent Director Occupation: Business DIN: 09786761	43	Villa No. 47, Aditya Fortview Villas, Secretarial Colony, Beside Shiva Super Makret, Manikonda, K. V Rangareddy- 500089	14.11.2022	-	No
Shri Mantrala Madhu Babu Independent Director Occupation: Business DIN: 09786762	31	7/4283-1, Sreenivasa Nagar, Proddatur, Cuddapah- 516360	14.11.2022	-	No

(ii) DETAILS OF CHANGE IN DIRECTORS SINCE LAST THREE YEARS: -

SL No.	Name , Designation and DIN	Date of appointment	Date of Cessation, if Applicable	Date of resignation, if applicable	Remarks
1	Rajat Bhargava Designation: Nominee Director DIN: 08529091	29.04.2020	-	-	-
2	Adinarayana Kumbha Designation: Nominee Director DIN: 08147764	14.11.2019	-	-	-
3	Vasudeva Reddy Donthireddy, IRTS Designation: Managing Director DIN: 08838408	13.09.2019	-	-	-
4	Venkateswarlu Syamanaboina Designation: Nominee Director DIN: 08893025	19.11.2019	-	-	-

5	Sambasiva Rao Dondapati Designation: Nominee Director DIN: 05324402	01.05.2017	-	31.03.2020	-
6	Lakshmi Narasimham Paturu Designation: Nominee Director DIN: 07764441	17.04.2017	-	06.02.2019	-
7	Karri Venkateswara Rao Designation: Nominee Director DIN: 07584071	04.05.2016	-	10.08.2018	-
8	Veera Venkata Satyanarayana Kadiyam Designation: Nominee Director DIN: 08076027	21.12.2017	-	14.11.2019	-
9	Srinivasarao Nallagonda Designation: Nominee Director DIN: 07947473	12.09.2017	-	19.11.2019	-
10	Mukesh Kumar Meena Designation: Nominee Director DIN: 01232593	12.02.2019	-	04.06.2019	-
11	Hari Kumar Pinnika Designation: Nominee Director DIN: 08417275	13.02.2019	-	05.03.2020	-
12	Vivek Yadav Designation: Nominee Director DIN: 08396206	06.04.2022	-	-	-

(F) FOLLOWING DETAILS REGARDING THE AUDITORS OF THE COMPANY: -

i. DETAILS OF THE AUDITOR OF THE COMPANY: -

Name	Address	Auditors Since
GC Reddy and associates	H.No. 16-13-8,13/3,Arundalpetta, Guntur - 522002, Guntur District, Andhra Pradesh	25.08.2021 for FY 2021-22

ii. DETAILS OF CHANGE IN AUDITOR SINCE LAST THREE YEARS:

Name of Auditor	Address	Date of Appointment / Resignation	Date of Cessation	Auditor of the Issuer since (in case of resignation)	Remarks
M.N.RAO & ASSOCITAES	Vaishnavi Plaza, (2 nd Floor), # 40-6/3-9, Near V.P.Siddhartha Public School, Mogalrajpuram, Vijaywada - 520 010	07.09.2018 for FY 2018-19	NA	NA	CAG appointed statutory auditor
M.N.RAO & ASSOCITAES	Vaishnavi Plaza, (2 nd Floor), # 40-6/3-9, Near V.P.Siddhartha Public School, Mogalrajpuram, Vijaywada - 520 010	09.08.2019 for FY 2019-20	Expiry of term	NA	CAG appointed statutory auditor
M.N.RAO & ASSOCITAES	Vaishnavi Plaza, (2 nd Floor), # 40-6/3-9, Near V.P.Siddhartha Public School, Mogalrajpuram, Vijaywada - 520 010	09.09.2020 for FY 2020-21	Expiry of term	NA	CAG appointed statutory auditor

Name of Auditor	Address	Date of Appointment / Resignation	Date of Cessation	Auditor of the Issuer since (in case of resignation)	Remarks
GC Reddy and Associates	H.No. 16-13-8,13/3,Arundalpeta, Guntur - 522002, Guntur District, Andhra Pradesh	25.08.2021 for FY 2021-22	Expiry of term	NA	CAG appointed statutory auditor

(G) DETAILS OF BORROWINGS OF THE COMPANY, AS ON SEPTEMBER 30, 2022.

(i) DETAILS OF OUTSTANDING SECURED LOAN FACILITIES AS ON SEPTEMBER 30, 2022.

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt Outstanding	Repayment Date /Schedule	Security
NA	NA	NA	NA	NA	NA

DETAILS OF OUTSTANDING UNSECURED LOAN FACILITIES AS ON SEPTEMBER 30, 2022.

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt outstanding	Repayment Date Schedule
Government of Andhra Pradesh	Unsecured, subordinated, non-interest bearing loan	Rs. 1,412 Crores	Rs. 1,412 Crores	NA

(ii) DETAILS OF OUTSTANDING NON-CONVERTIBLE SECURITIES: -

ISIN No.	Debenture Series	Tenor / period of Maturity (years)	Coupon	Amount (in Cr.)	Date of Allotment	Redemption on Date / Schedule	Credit Rating	Secured/ Unsecured	Security
INE0M2307016	SERIES I 2022-23	1	9.62%	622.88	14-06-2022	31-05-2023	AA (CE) / Stable by India Ratings and AA+(CE) / Stable by Acuité Ratings	Secured	The Bonds would be secured by way of 1) Exclusive Charge on the APSBCL Bond Servicing Account (Series I) and the amount transferred therein, which shall be utilized only for servicing of the bonds on quarterly servicing dates. 2) Exclusive Charge on the DSRA Account (Series I) and the funds lying there-in. 3) First charge on the APSBCL Net Revenue Receipt Account and the amount accruing / lying there-in, out of which transfer of funds on each working day for bond servicing is required to be
INE0M2307024	SERIES I 2022-23	2	9.62%	830.50	14-06-2022	31-05-2024		Secured	
INE0M2307032	SERIES I 2022-23	3	9.62%	830.50	14-06-2022	31-05-2025		Secured	
INE0M2307040	SERIES I 2022-23	4	9.62%	830.50	14-06-2022	31-05-2026		Secured	
INE0M2307057	SERIES I 2022-23	5	9.62%	830.50	14-06-2022	31-05-2027		Secured	
INE0M2307065	SERIES I 2022-23	6	9.62%	830.50	14-06-2022	31-05-2028		Secured	
INE0M2307073	SERIES I 2022-23	7	9.62%	830.50	14-06-2022	31-05-2029		Secured	
INE0M2307081	SERIES I 2022-23	8	9.62%	830.50	14-06-2022	31-05-2030		Secured	
INE0M2307099	SERIES I 2022-23	9	9.62%	830.50	14-06-2022	31-05-2031		Secured	
INE0M2307107	SERIES I 2022-23	10	9.62%	830.50	14-06-2022	31-05-2032		Secured	

									<p>made with default escrowing rights under specific circumstances. This charge would be on a pari-passu / pro-rata basis on the entire debt liability raised by the Issuer within the stipulation of Permitted Indebtedness</p> <p>These charges should be created through a Deed of Hypothecation in favour of the Debenture Trustee, immediately after allotment of debenture and prior to making application for listing.</p> <p>The above charge would be filed with the office of the concerned Registrar of Companies and Central Registry of Securitisation Asset Reconstruction and Security Interest ("CERSAI").</p>
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(iii) LIST OF TOP 10 NON-CONVERTIBLE SECURITIES HOLDERS (AS ON 25.11.22)

Sl. No.	Name of Debenture Holders	Amount in Rupees	% of total NCS outstanding
1.	CBT-EPF-05-E-DM	23156250000	28.60%
2.	CBT-EPF-05-F-DM	20718750000	25.59%
3.	IIFL HOME FINANCE LIMITED	2221500000	2.74%
4.	ADITYA BIRLA MONEY LIMITED	1974000000	2.44%
5.	RAJASTHAN RAJYA VIDYUT KARAMCHARI SUPERANNUATION FUND	1803750000	2.23%
6.	SHEELA FOAM LIMITED	1727500000	2.13%
7.	IIFL FINANCE LTD	1677000000	2.07%
8.	TRUST CAPITAL SERVICES (INDIA) PVT. LTD.	1404000000	1.73%
9.	CAPRI GLOBAL HOLDINGS PRIVATE LIMITED	1350000000	1.67%
10.	NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA ULTRA SHORT DURATION FUND	1162500000	1.44%

(iv) THE AMOUNT OF CORPORATE GUARANTEE ISSUED BY THE ISSUER ALONG WITH NAME OF THE COUNTERPARTY (LIKE NAME OF THE SUBSIDIARY, JV ENTITY, GROUP COMPANY, ETC) ON BEHALF OF WHOM IT HAS BEEN ISSUED.

NONE

(v) DETAILS OF OUTSTANDING COMMERCIAL PAPER: - THE TOTAL FACE VALUE OF COMMERCIAL PAPERS OUTSTANDING AS ON THE LATEST QUARTER END TO BE PROVIDED AND ITS BREAKUP IN FOLLOWING TABLE:

ISIN of Commercial Paper	Maturity date	Amount outstanding
N.A.	N.A.	N.A.

(vi) **DETAILS OF REST OF THE BORROWING (IF ANY INCLUDING HYBRID DEBT LIKE FCCB, OPTIONALLY CONVERTIBLE DEBENTURES / PREFERENCE SHARES) AS ON SEPTEMBER 30, 2022: -**

Party Name (in case of Facility) / Instrument Name	Type of Facility / Instrument	Amt Sanctioned / Issued	Principal Amt outstanding	Repayment Date / Schedule	Credit Rating	Secured / Unsecured	Security
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

(vii) **DETAILS OF ALL DEFAULT/S AND/OR DELAY IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE COMPANY, IN THE PAST 3 YEARS INCLUDING CURRENT FINANCIAL YEAR. -** No default

(viii) **DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED WHERE TAKEN / ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT A PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF AN OPTION;** None

(H) **DETAILS OF PROMOTERS OF THE COMPANY: -**

Name	GOVERNMENT OF ANDHRA PRADESH
Date of Birth	N.A.
Age	N.A.
Personal Address	N.A.
Educational Qualifications	N.A.
Experience in the Business or Employment	N.A.
Positions/Posts held in the past	N.A.
Directorships held	N.A.
Other Ventures of each Promoter	N.A.
Special Achievements	N.A.
Business and Financial Activities	N.A.
Photograph	N.A.
Permanent Account Number	N.A.

Declaration: We hereby declare that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters (if and as applicable) and Permanent Account Number of directors have been submitted to the stock exchanges on which the non-convertible securities are proposed to be listed, at the time of filing the draft offer document

i. **DETAILS OF PROMOTER HOLDING IN THE COMPANY AS ON THE LATEST QUARTER END: -**

Sl. No.	Name of the Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
1.	Deputy Secretary to Govt., Revenue Dept., Government of Andhra Pradesh	494	0	99.80	0	0.00
2.	Managing Director	1	0	0.2	0	0.00

Sl. No.	Name of the Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
3.	Director of Enforcement, Prohibition and Excise	1	0	0.2	0	0.00
4.	Additional Commissioner of Prohibition. & Excise	1	0	0.2	0	0.00
5.	Assistant Secretary to Government, Revenue Dept., Government of Andhra Pradesh	1	0	0.2	0	0.00
6.	Section Officer, Revenue Dept., Government of Andhra Pradesh	1	0	0.2	0	0.00
7.	Assistant Section Officer, Revenue Dept., Government of Andhra Pradesh	1	0	0.2	0	0.00

- (I) **ABRIDGED VERSION OF AUDITED CONSOLIDATED (WHEREVER AVAILABLE) AND STANDALONE FINANCIAL INFORMATION (LIKE PROFIT & LOSS STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT) FOR AT LEAST LAST THREE YEARS AND AUDITOR QUALIFICATIONS, IF ANY. #**

Please refer to Annexure 6 of this disclosure document.

AUDITOR QUALIFICATIONS

Financial Year	Auditors' Qualifications
FY 2016-17	Please refer to the Auditor's report annexed to this Placement Memorandum
FY 2017-18	Please refer to the Auditor's report annexed to this Placement Memorandum
FY 2018-19	Please refer to the Auditor's report annexed to this Placement Memorandum

- (J) **ABRIDGED VERSION OF LATEST AUDITED CONSOLIDATED (WHEREVER AVAILABLE) AND STANDALONE FINANCIAL INFORMATION (LIKE PROFIT & LOSS STATEMENT, AND BALANCE SHEET) AND AUDITORS QUALIFICATIONS, IF ANY. #**

Please refer to Annexure 6 of this disclosure document

***AUDITOR QUALIFICATIONS**

Period ended	Auditors' Qualifications
FY 2019-20	Please refer to the Auditor's report annexed to this Placement Memorandum
FY 2020-21	Please refer to the Auditor's report annexed to this Placement Memorandum
FY 2021-22	Please refer to the Auditor's report annexed to this Placement Memorandum
3 months period ended on June 30, 2022	Please refer to the Auditor's report annexed to this Placement Memorandum
6 months period ended on	Please refer to the Auditor's report annexed to this Placement Memorandum

September 30, 2022	
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#Pursuant to the application made by the Issuer, SEBI has permitted the Issuer to issue the Bonds through private placement subject to submission of latest available audited annual reports and disclosure of audited financials, pending Comptroller and Auditor General of India (CAG) report, for the period upto June 30, 2022.

(K) ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS/CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER/PROMOTERS, TAX LITIGATIONS RESULTING IN MATERIAL LIABILITIES, CORPORATE RESTRUCTURING EVENT ETC) AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST / CONTINUE TO INVEST IN THE NON-CONVERTIBLE SECURITIES: None

Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the company: None

Details of default and non-payment of statutory dues: None

DISCLOSURES PERTAINING TO WILFUL DEFAULTER:

- a. The following disclosures shall be made if the issuer or its promoter or director is declared wilful defaulter: Neither the Issuer nor any of its directors or promoters have been declared as wilful defaulter.
 - i. Name of the bank declaring as a wilful defaulter; Not applicable
 - ii. The year in which it was declared as a wilful defaulter; Not applicable
 - iii. Outstanding amount when declared as a wilful defaulter; Not applicable
 - iv. Name of the entity declared as a wilful defaulter; Not applicable
 - v. Steps taken, if any, for the removal from the list of wilful defaulters; Not applicable
 - vi. Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions; Not applicable
 - vii. Any other disclosure as specified by the Board. Not applicable
- b. The fact that the issuer or any of its promoters or directors is a wilful defaulter shall be disclosed prominently on the cover page with suitable cross-referencing to the pages. Not applicable

UNDERTAKING BY THE ISSUER:

- i) Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given under the section 'Management Perception of Risk Factors', of this Placement Memorandum.
- ii) The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the issuer and the issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

- iii) The issuer has no side letter with any debt securities holder except the one(s) disclosed in the Placement Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

Management perception of risk factors

Credit Risk: Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation resulting in a financial loss to the Company. Credit risk arises principally from cash & cash equivalents and deposits with banks and financial institutions. In order to manage the risk, company accepts only high rated bank/financial institutions (FIs).

Market Risk- Foreign Currency Risk: Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income/loss. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company has no material foreign currency transaction hence there is no Market Risk w.r.t foreign currency translation.

Market Risk- Interest Rate Risk: The Company is exposed to interest rate risk arising from borrowing with floating rates because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Company manages the interest rate risks by entering into different kind of loan arrangements with varied terms (eg. Rate of interest, tenure etc.).

At the reporting date the Issuer has no floating rate liability.

Liquidity Risk: Liquidity Risk is the risk that the Issuer will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the company's reputation.

The Company manages liquidity risk by maintaining adequate FI/Bank facilities and reserve borrowing facilities by continuously monitoring, forecast the actual cash flows and matching the maturity profile of financial assets and liabilities.

Industry risk: The Issuer is the sole distributor of alcoholic beverages in the state of Andhra Pradesh. Since the pricing of the product is regulated by the State Government, the Issuer is assured of all its margins. However, it would be exposed to shrinkage of margin in case of significant drop in sales volume or endorsement of ban or restrictions in sale and consumption of alcohol in the state. In this respect, the State Government has given an unconditional and irrevocable guarantee to ensure sound debt servicing capacity of the Company and refrain from implementing total or partial prohibition in the state.

General Risk: Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the Issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under this section of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

RISKS RELATING TO THE BONDS

1. **There is no guarantee that the Bonds will be listed on BSE in a timely manner, or at all.**

In accordance with Indian law and practice, permissions for listing and trading of the issued pursuant to this Issue will not be granted until the relevant stock exchange approve of the listing, which will be available only after an updated document is accordingly filed with the relevant authorities at the time of such listing. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the BSE. If permission to deal in and for an official quotation of the Bonds is not granted by the Stock Exchange, the Bonds will remain unlisted.

2. **There has been only a limited trading in the Bonds of such nature and the price of the Bonds may be volatile subject to variation.**

These Bonds have no established trading market. There can be no assurance that an active public market for the Bonds will develop or be sustained. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and other factors that may be beyond our control.

3. **Investors may not be able to recover, on a timely basis or recover at all, the full value of the outstanding amounts and/ or the interest accrued thereon, in connection with the Bonds.**

Our ability to pay interest accrued on the Bonds and/ or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/ or the interest accrued thereon in a timely manner, or repay at all.

4. **Foreign investors subscribing to the Bonds are subject to risks in connection with (i) exchange control regulations, and, (ii) fluctuations in foreign exchange rates.**

The Bonds will be denominated in Indian Rupees and the payment of interest and redemption amount shall be made in Indian Rupees. Various statutory and regulatory requirements and restrictions apply in connection with the Bonds held by foreign investors. The amounts payable to foreign investors holding the Bonds, on redemption of the Bonds and/or the interest paid/payable in connection with such Bonds would accordingly be subject to prevailing Exchange Control Regulations. Any change in the Exchange Control Regulations may adversely affect the ability of such foreign investors to convert such amounts into other currencies, in a timely manner or may not be permitted to be converted at all. Further, fluctuations in the exchange rates between the Indian rupee and other currencies could adversely affect the amounts realized by foreign investors on redemption or payment of interest on the Bonds by us.

5. **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Bonds.

6. **The Bonds are subject to the risk of change in law.**

The terms and conditions of the Bonds are based on Indian law in effect as of the date of issue of the relevant Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Indian law or administrative practice after the date of issue of the relevant Bonds and any such change could materially and adversely impact the value of any Bonds affected by it.

7. **Any downgrading in credit rating of our other Bonds may affect the rating for these Bonds and consequently trading price of the Bonds and our ability to raise funds.**

The credit ratings of our other debentures may be suspended, withdrawn or revised at any time by the assigning Credit Rating Agencies. Any revision or downgrading in the credit rating may affect the ratings for these Bonds and consequently may lower the value of the Bonds and may also affect our ability to raise further debt on competitive terms.

8. **Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law i.e. secured debt.**

The Bonds will be subordinated to certain liabilities preferred by law. Such as to claims of the Government of Andhra Pradesh on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds.

9. **Risks in relation to maintenance of security cover or full recovery of the security in case of enforcement**

In the event that the Issuer is unable to meet its payment and other obligations towards Bond Holders under the terms of the Bonds, the Bond Trustee may enforce the Security as per the terms of Transaction Documents, and other related documents executed in relation to the Bonds. The Bond Holder(s)' recovery in relation to the Bonds will be subject to (i) the market value of such Security (ii) finding willing buyers for the Security at a price sufficient to repay the Bond Holder(s)' amounts outstanding under the Bonds. There is a risk that the Security may not be enforceable or the value realised from the enforcement of the Security may be insufficient to redeem the Bonds.

10. **Risks in relation to security created in relation to the Bonds**

In the event the Issuer fails to create the security or the security created is found to be invalid or illegal or unenforceable or the due process for the creation of the same is not followed by the Issuer, in accordance with the Applicable Laws, then the said security may or may not be available to the Bond Holders for enforcement, in case of default by the Issuer. The Bond Holder(s)' recovery in relation to the Bonds will be subject to (i) the valid creation of the security (ii) security being enforceable. In the above circumstances, there is a risk that the amounts available for the redemption of the Bonds may be insufficient.

(L) THE NAMES OF THE DEBENTURE TRUSTEE(S) SHALL BE MENTIONED WITH STATEMENT TO THE EFFECT THAT DEBENTURE TRUSTEE(S) HAS GIVEN HIS CONSENT TO THE ISSUER FOR HIS APPOINTMENT UNDER REGULATION 4 (4) AND IN ALL THE SUBSEQUENT PERIODICAL COMMUNICATIONS SENT TO THE HOLDERS OF DEBT SECURITIES.

Bond Trustee

Name : BEACON TRUSTEESHIP LIMITED
Address : 4C-D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Mumbai - 51
Tel No : +91 22 26558759
Fax No : NA
Email id : compliance@beacontrustee.co.in

(M) THE DETAILED RATING RATIONALE (S) ADOPTED (NOT OLDER THAN ONE YEAR ON THE DATE OF OPENING OF THE ISSUE)/ CREDIT RATING LETTER ISSUED (NOT OLDER THAN

ONE MONTH ON THE DATE OF OPENING OF THE ISSUE) BY THE RATING AGENCIES SHALL BE DISCLOSED.

RATING SCALE AND RATING AGENCY:

Other than the credit ratings mentioned hereinabove, Issuer has not sought any other credit rating from any other credit rating agency (ies) for the Bonds offered for subscription under the terms of this Placement Memorandum.

These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

Copies of Rating Letter(s) and Rating rationale(s) are enclosed as Annexure 1 and Annexure 2 respectively in this Placement Memorandum.

- (N) IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, A COPY OF THE SAME SHALL BE DISCLOSED. IN CASE SUCH DOCUMENT DOES NOT CONTAIN DETAILED PAYMENT STRUCTURE (PROCEDURE OF INVOCATION OF GUARANTEE AND RECEIPT OF PAYMENT BY THE INVESTOR ALONG WITH TIMELINES); THE SAME SHALL BE DISCLOSED IN THE OFFER DOCUMENT.**

Collateral Support Structure	<p>The Bonds would have further collateral support by way of Unconditional & Irrevocable Guarantee as a continuing obligation by the Government of Andhra Pradesh, for the timely servicing of the interest and principal in respect of such Bonds.</p> <p>Further the Deed of Guarantee should also provide for necessary fund infusion in the APSBCL Debt Service Reserve Account (Series II) (DSRA) in the event of impairment to the extent called upon by the Bond Trustee.</p> <p>Any fund support from the State Government if required for servicing of these bonds should be by way of direct transfer from the State Government Account to the DSRA Account (Series II) and should not be routed through any other account of Issuer.</p>
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- (O) COPY OF CONSENT LETTER FROM THE DEBENTURE TRUSTEE SHALL BE DISCLOSED.**

Copy of letter dated November 16, 2022 conveying their consent to act as Bond Trustee for the current issue of Bonds is enclosed as Annexure 3 in this Placement Memorandum.

The Bond Trustee has agreed for a fee amounting to INR 11,00,000 (Indian Rupees Eleven Lakh only) as acceptance fees and annual charges of INR 15,00,000 (Indian Rupees Fifteen Lakhs only) (plus applicable taxes) for the services as agreed in terms of the offer letter dated March 18, 2022, bearing reference no. No. 21375/CL/MUM/22-23/DEB/23.

- (P) NAMES OF ALL THE RECOGNISED STOCK EXCHANGES WHERE THE DEBT SECURITIES ARE PROPOSED TO BE LISTED CLEARLY INDICATING THE DESIGNATED STOCK EXCHANGE.**

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the BSE Limited ("BSE"). The Issuer shall comply with the requirements of the Debt Listing Agreement to the extent applicable to it on a continuous basis. The Company shall obtain an in-principle approval from the BSE

for listing of said Bonds on its Wholesale Debt Market (WDM) Segment. Please refer to Annexure 5 of this Placement Memorandum for a copy of the in-principle approval letter dated November 24, 2022 issued by the BSE Limited.

The Issuer has created recovery expense fund with the BSE, in the manner as specified by the SEBI pursuant to circular number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 as amended from time to time and informed the Bond Trustee about the same.

The Bonds are not proposed to be listed on more than one stock exchange.

Due Diligence by the Bond Trustee

The Bond Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Placement Memorandum and the Applicable Laws, has been obtained.

The Issuer shall provide all assistance to the Bond Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Issuer or any third party security provider are registered / disclosed.

The Bond Trustee shall have the power to either independently appoint, or direct the Issuer to (after consultation with the Bond Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Bond Trustee and the Bond Trustee shall subsequently form an independent assessment that the assets for creation of Security are sufficient to discharge the outstanding amounts on the Bonds at all times. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Issuer.

The Issuer has undertaken to promptly furnish all and any information as may be required by the Bond Trustee, including such information as required to be furnished in terms of the Applicable Laws and the Bond Trust Deed on a regular basis.

The Bond Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI circulars titled "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 3, 2020.

(Q) OTHER DETAILS:

- i. DRR CREATION** – The Issuer shall have created a Debenture Redemption Reserve ("DRR") as per the provisions of the Companies Act, 2013 and the guidelines issued by the Ministry of Corporate Affairs and SEBI as amended from time to time, and if during the currency of these presents, any guidelines are formulated (or modified or revised) by any government agency having authority under law in respect of creation of DRR, the Issuer shall abide by such guidelines and execute all such supplemental letters, agreements and deeds of modifications as may be required by the Bond Trustee. Where applicable, the Issuer shall submit to the Bond Trustee a certificate duly certified by the auditors or the chartered accountant of the Issuer certifying that the Issuer has transferred a suitable sum to DRR at the beginning of each Financial Year in accordance with the provisions of the Companies Act, 2013. Since amount of DSRA would be sufficient to cover DRR requirement, no separate DRR is envisaged.
- ii. ISSUE/INSTRUMENT SPECIFIC REGULATIONS - RELEVANT DETAILS (COMPANIES ACT, RBI GUIDELINES, ETC).**

- (a) Companies Act, 2013;
- (b) Companies Act, 1956;
- (c) Securities Contracts (Regulation) Act, 1956;
- (d) Companies (Share Capital and Debentures) Rules, 2014;
- (e) Companies (Prospectus and Allotment of Securities) Rules, 2014;
- (f) Securities and Exchange Board of India Act, 1992;
- (g) The Depositories Act, 1996;
- (h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time;
- (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time;
- (j) the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time;
- (k) SEBI Operational circular dated August 10, 2021; and
- (l) all other relevant laws (including rules, regulations, clarifications, notifications, directives, circulars as may be issued by the Securities Exchange Board of India, the Reserve Bank of India and any statutory, regulatory, judicial, quasi- judicial authority) as may be amended, modified, and/or replaced from time to time.

iii. APPLICATION PROCESS.

Minimum Bid Lot: INR 100 lakhs (comprising 1 Bond of INR 10 lakhs Face Value in each Sub-Series A through J) and in multiples thereof.

Manner of bidding: Closed Book

Manner of Allotment: Uniform Price

Manner of Settlement: Through ICCL

Settlement Cycle: T+ 2 (where T= Bidding date i.e. December 19, 2022)

WHO CAN APPLY

Only the persons who are specifically addressed through a communication by or on behalf of the Company directly are eligible to apply for the Bonds. An application made by any other person will be deemed as an invalid application and rejected. In order to subscribe to the Bonds a person must be either a:

- (a) Individuals;
- (b) Hindu Undivided Family;
- (c) Trust;
- (d) Limited liability partnerships;
- (e) Partnership firm(s);
- (f) Portfolio managers registered with SEBI;
- (g) Association of persons;
- (h) Companies and bodies corporate including public sector undertakings;
- (i) Scheduled commercial banks;
- (j) Regional rural banks;
- (k) Financial institutions;
- (l) Insurance companies;
- (m) Mutual funds;
- (n) Foreign portfolio investors; and
- (o) any other investor eligible to invest in the Bonds as per applicable law.

*For Clarification purpose, provident funds with minimum corpus of INR 2,500 Lakhs and Pension Funds with minimum corpus of INR 2,500 Lakhs shall be considered under QIB

All QIBs, and any non-QIB Investors specifically mapped on the EBP Platform, are eligible to bid / invest / apply for this Issue. All participants are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue.

WHO CAN NOT APPLY

APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES

In case of applications made under a power of attorney or by a limited company or a body corporate or registered society or mutual fund, and scientific and/or industrial research organizations or trusts etc., the relevant power of attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the memorandum and articles of association and/or bye-laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the Application Form, quoting the serial number of the Application Form and the bank's branch where the application has been submitted, at the office of the registrars to the Issue after submission of the Application Form to the bankers to the Issue or any of the designated branches as mentioned on the reverse of the Application Form, failing which the applications are liable to be rejected. Such authority received by the registrars to the Issue more than 10 (ten) days after closure of the subscription list may not be considered.

APPLICATIONS UNDER POWER OF ATTORNEY

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to its registrars or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

Applications by Individual

The applications must be accompanied by certified true copies of PAN card of the applicant.

Mechanism adopted in compliance with Regulation 13 of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992

- a) We would like to disclose to all the stakeholders including but not limited to potential investors that, Issuer has appointed Trust Investment Advisors Private Limited as the arrangers cum advisor to the Issue vide Letter of Award dated December 14, 2021 and Work Agreement dated December 31, 2021, as amended from time to time.
- b) We further would like to disclose that arrangers either directly or through its affiliates or its associates or its subsidiaries may invest in the proposed issue through EBP mechanism in transparent manner;
- c) EBP mechanism is adopted to ensure fair, objective, and unbiased opportunity to all investors.

DISCLAIMER:

PLEASE NOTE THAT ONLY THOSE PERSONS TO WHOM THIS PLACEMENT MEMORANDUM HAS BEEN SPECIFICALLY ADDRESSED ARE ELIGIBLE TO APPLY. HOWEVER, AN APPLICATION, EVEN IF COMPLETE IN ALL RESPECTS, IS LIABLE TO BE REJECTED WITHOUT ASSIGNING ANY REASON FOR THE SAME. THE LIST OF DOCUMENTS PROVIDED ABOVE IS ONLY INDICATIVE, AND AN INVESTOR IS REQUIRED TO PROVIDE ALL THOSE DOCUMENTS/ AUTHORIZATIONS/ INFORMATION, WHICH ARE LIKELY TO BE REQUIRED BY THE

COMPANY.THE COMPANY MAY, BUT IS NOT BOUND TO REVERT TO ANY INVESTOR FOR ANY ADDITIONAL DOCUMENTS/ INFORMATION, AND CAN ACCEPT OR REJECT AN APPLICATION AS IT DEEMS FIT. INVESTMENT BY INVESTORS FALLING IN THE CATEGORIES MENTIONED ABOVE ARE MERELY INDICATIVE AND THE COMPANY DOES NOT WARRANT THAT THEY ARE PERMITTED TO INVEST AS PER EXTANT LAWS, REGULATIONS, ETC. EACH OF THE ABOVE CATEGORIES OF INVESTORS IS REQUIRED TO CHECK AND COMPLY WITH EXTANT RULES/ REGULATIONS/ GUIDELINES, ETC. GOVERNING OR REGULATING THEIR INVESTMENTS AS APPLICABLE TO THEM AND THE COMPANY IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY ANY INVESTOR, NEITHER IS THE COMPANY REQUIRED TO CHECK OR CONFIRM THE SAME. OVERSEAS CORPORATE BODIES (OTHER THAN AS SPECIFIED UNDER THE LIST OF ELIGIBLE INVESTORS UNDER THIS PLACEMENT MEMORANDUM) AND NON RESIDENT INDIANS CANNOT APPLY FOR THESE BONDS.

iv. Default in Payment

In case of default in payment of interest and/or principal redemption on the due dates, additional interest of @ 2% p.a. over the Coupon Rate will be payable by the issuer for the defaulting period on defaulted amount.

v. Delay in Listing

In case of delay in listing of the Bonds beyond 4 (four) trading days from the Issue Closing Date, the Issuer shall pay penal interest of 1% (one percent) per annum over and above the Coupon Rate for the period of delay (i.e. from the date of allotment to the date of listing), to the Bond Holders and the Issuer shall be permitted to utilise the issue proceeds of its two subsequent privately placed issuances of securities only after receiving final listing approval from stock exchanges.

vi. Delay in allotment of securities:

In accordance with Paragraph 2 of Chapter VII of the Operational Circular, the allotment shall happen in accordance with applicable laws within 2 (two) Business Days of the Issue Closing Date. In the event of failure to do so, the Issuer shall pay interest for the delayed period as per the provision specified by regulatory authority from time to time.

vii. Project details:

Gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project; Not applicable

viii. UNDERTAKING OF THE ISSUER

The Issuer hereby undertakes that the assets on which charge is created are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor.

SUBMISSION OF DOCUMENTS

Investors need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:

- Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
- Government notification/ certificate of incorporation (in case of Primary Co-operative Bank and RRBs);
- SEBI registration certificate, if applicable;

- Board Resolution authorizing investment along with operating instructions;
- Power of Attorney/ relevant resolution/ authority to make application;
- Form 15AA granting exemption from TDS on interest, if any;
- Form 15G/ 15H for claiming exemption from TDS on interest on application money, if any;
- Order u/s197 of Income Tax Act, 1961;
- Order u/s10 of Income Tax Act, 1961;
- Copy of PAN card issued by the Income Tax Department;
- Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority.

(R) PROCEDURE FOR APPLYING FOR DEMAT FACILITY

1. The Applicant must have at least one beneficiary account with any of the DPs of NSDL/ CDSL prior to making the application.
2. The Applicant must necessarily fill in the details (including the beneficiary account number and DPs ID appearing in the Application Form under the heading 'Details for Issue of debentures in Electronic/ Dematerialized Form'.)
3. Bonds allotted to an Applicant will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
4. For subscribing the Bonds, names in the Application Form should be identical to those appearing in the account details in the depository. In case of joint holders the names should necessarily be in the same sequence as they appear in the account details in the depository.
5. Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrars to the Issue.
6. If incomplete/incorrect details are given under the heading 'Details for Issue of debentures in Electronic/ Dematerialized Form' in the Application Form it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
7. For allotment of Bonds the address, nomination details and other details of the Applicant as registered with his/her DP shall be used for all correspondence with the Applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient the Issuer would not be liable for losses, if any.
8. Payment of Interest or repayment of principal would be made to those Bond Holders whose names appear on the list of Beneficial Owners given by the Depositories to the Issuer as on Record Date/ book closure date. In case of those Bonds for which the Beneficial Owner is not identified by the Depository as on the Record Date/ book closure date, the Issuer would keep in abeyance the payment of Interest or repayment of principal, till such time that the Beneficial Owner is identified by the Depository and conveyed to the Issuer, whereupon the Interest or principal would be paid to the beneficiaries, as identified, within a period of 30 (thirty) days.
9. The Bonds shall be directly credited to the beneficiary account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the Applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the Applicants Depository account will be provided to the Applicant by the Depository Participant of the Applicant.

(S) HOW TO APPLY

This being a private placement offer cum application letter, investors who are established, residing or registered in India (having requisite authority to *inter alia* invest in securities in India under Applicable Laws), and who have been addressed through this communication directly only are eligible to apply.

- (i) Successful bidders are required to do the funds pay-in from their same bank account which is updated by them in the BSE Bond - EBP Platform, while placing the bids and into the relevant designated bank account. In case of mismatch in the bank account details between BSE Bond - EBP Platform and the bank account from which payment is done by the successful bidder, the payment will be returned back. Payment should be made by the deadline specified by the BSE. In case of bids made by the arranger on behalf of eligible investors, funds pay-in shall be made from the bank account of such eligible investors. Successful bidders should do the funds pay-in to the bank accounts of the Indian Clearing Corporation Limited as mentioned in BSE EBP operational guidelines. Successful bidders must do the funds pay-in to the Designated Bank Account up to 10:30 am on the pay-in date ("**Pay-in Time**"). Note: In case of failure of any successful bidder to complete the funds pay-in by the Pay-in Time or the funds are not received in the ICCL's Designated Bank Account by the Pay-in Time for any reason whatsoever, the bid will liable to be rejected and the Issuer and/or the Arranger shall not be liable to the successful bidder.
- (ii) Cash, money orders, and postal orders shall not be accepted. The Issuer assumes no responsibility for any applications lost in mail. The entire amount of INR 10 lakh per Bond is payable on Pay-in date.
- (iii) All Application Forms duly completed (along with all necessary documents as detailed in this Placement Memorandum) must be delivered before the closing of the Issue to the Arranger to the Issue. While forwarding the Application Form, Applicants must ensure that the relevant UTR number/ or any other evidence of having remitted the application money is obtained. Detailed instructions for filling up the Application Form are provided in Annexure 8 in this Placement Memorandum.
- (iv) Applications for the Bonds must be in the prescribed form (Annexure 8) and completed in BLOCK LETTERS in English and as per the instructions contained therein. Applications should be for the number of Bonds applied by the Applicant. Applications not completed in the prescribed manner are liable to be rejected. The name of the Applicant's bank, type of account and account number must be filled in the Application Form. This is required for the Applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.
- (v) The Applicant or in the case of an application in joint names, each of the Applicant, should mention his/ her PAN allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income Tax Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the Investor should mention his PAN/GIR No. If the Investor does not submit Form 15G/15AA/other evidence, as the case may be for non-deduction of tax at source. In case neither the PAN nor the GIR Number has been allotted, the Applicant shall mention "Applied for" and in case the Applicant is not assessed to income tax, the Applicant shall mention 'Not Applicable' (stating reasons for non-applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.
- (vi) All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form. Public/ Private/ Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring "approved security" status for making investments. All Applicants are also requested to tick Investor type - Qualified Institutional Buyers ("QIBs")/ Non-Qualified Institutional Buyers ("Non-QIBs") in the Application Form. No separate receipts shall be issued for the application money. However, Arranger to the Issue at their designated branch(es) receiving the duly completed Application Form(s) will acknowledge the receipt of the applications by stamping and returning the acknowledgment slip to the Applicant. Applications shall be deemed to have been received by the

Issuer only when submitted to Arranger to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

- (vii) If the securities are to be held jointly, the payment is to be made from the account in the name of Applicant whose name appears first in the Application Form.
- (viii) For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Application Form carefully.
- (ix) Bidders to ensure that they have not been debarred from accessing the capital market or have not been restrained by any regulatory authority from directly or indirectly acquiring the said securities.
- (x) Successful bidders to whom allocation has been confirmed to ensure that payment remitted by them for subscription to securities has been remitted/transferred from the bank account of the person subscribing to such securities.

***INVESTOR GRIEVANCE AND REDRESSAL SYSTEMS**

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Issuer endeavors to resolve the investor's grievances within 30 (thirty) days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at registered office of the Issuer. All investors are hereby informed that the Issuer has appointed a Compliance Officer who may be contracted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Placement Memorandum.

Investor Relations Officer	Shri Rajesh Reddy
Designation/ Dept	Compliance Officer
Address	6-26, Kollafarm Road, SER Center, Prasadampadu, Vijayawada-521108
Ph No	9701251250
Fax	NA
Email	apsbcl.cs@gmail.com
Website	www.apsbcl.ap.gov.in

(X) TERM SHEET: ISSUE DETAILS

Security Name	APSBCL Bonds Series II 2022 – 23
Issuer	Andhra Pradesh State Beverages Corporation Limited (APSBCL), a company wholly owned by the Government of Andhra Pradesh.
Type of Instrument	Secured, Rated, Listed, Redeemable, Taxable Non-Convertible Bonds; supported by Unconditional & Irrevocable Guarantee as a continuing obligation by the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such Bonds.
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private Placement
Eligible Investors	(a) individuals; (b) Hindu Undivided Family; (c) trust; (d) limited liability partnerships; (e) partnership firm(s); (f) portfolio managers registered with SEBI; (g) association of persons; (h) companies and bodies corporate including public sector undertakings; (i) scheduled commercial banks; (j) regional rural banks; (k) financial institutions; (l) insurance companies; (m) mutual funds; (n) foreign portfolio investors; and (o) any other investor eligible to invest in the Bonds as per applicable law.
Listing	Proposed on the Wholesale Debt Market (WDM) Segment of BSE
Issue Size	INR 500 crores plus Green Shoe Option to retain over subscription of upto INR 3,195 crores i.e. for an aggregate issue size of INR 3,695 crores., out of which the Issuer has accepted bids for subscription to Bonds of INR 1,700 Crores under APSBCL Bond Series II 2022-23, comprising of base issue of INR 500 Crores and green shoe option of INR 1,200 Crores.
Objects of the Issue	The net proceeds out of the issue, after payment of issue related expenses, would be used by Issuer for implementing the socio-economic programmes, in accordance with the provisions of the Memorandum of Association and Articles of Association of the Issuer.
Details of the utilization of the Proceeds	As mentioned above
Credit Rating of the Instrument	Provisional IND AA(CE)/Stable from India Ratings and Research Pvt Ltd Provisional ACUITE AA+(CE)/Stable from Acuité Ratings & Research Limited
Fixed Coupon Rate	9.62% per annum payable quarterly
Step Up/Step Down Coupon Rate	Not applicable
Coupon Payment Frequency	Quarterly - as per cash flow
Coupon payment dates	As per cash flow
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	Not applicable
Day Count Basis	Actual / Actual

Interest on Application Money	Not applicable
Default Interest Rate	Including but not restricted to the following: <ul style="list-style-type: none"> • In case of default in payment of interest and/or principal redemption on the due dates, additional interest @ 2% p.a. over and above the Coupon Rate will be payable by the Issuer for the defaulting period on defaulted amount. • In the event the Security stipulated is not created and perfected within the timelines as stipulated in the column titled 'Security', additional interest @ 1% (one percent) per annum or such higher rate as may be prescribed by law, shall be payable on the principal amount of the Debt Securities till the date of perfection of the Security. • In case of delay in listing beyond 4 (four) Business Days from the Issue Closing Date, the Company will pay additional interest @ 1% p.a. over and above the Coupon Rate to the Bond Holders, from the deemed date of allotment till the listing of Bonds. Further, the Company shall be permitted to utilise issue proceeds of its subsequent two privately placed issues only after receiving final listing approval from the Stock Exchange.
Tenor	1-10 years under 10 different Sub-Series ('A' to 'J')
Redemption Date and Amount	The base issue of INR 500 Crores plus green shoe option would comprise of 10 Sub-Series (A to J) as mentioned above of sequentially, redeemable bonds in equal quarterly amount. Each of the Sub-Series from A to J would be redeemable in 4 (four) equal quarterly instalments of 2.50% each of the aggregate issue size with the redemption of Sub Series A commencing from the end of 1st servicing quarter from the date of allotment. Similarly, redemption of Sub Series B would commence from the end of 5th servicing quarter and so on (as per cash flow)
Redemption Premium/Discount	None
Issue Price per bond in each Sub-Series	At par (INR 10 lakh) per Bond
Face Value per bond in each Sub-Series	Bonds of INR 10 lakh each
Put Date	Not Applicable
Put Price	Not Applicable
Call Date	Not Applicable
Call Price	Not Applicable
Put Notification Time (Timelines by which the investor needs to intimate Issuer before exercising the put)	Not Applicable
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	Not Applicable
Issuance and Minimum Subscription	Issuance in Demat form; Minimum Subscription of INR 100 lakhs (comprising 1 bond of INR 10 lakhs Face Value in each Sub-Series A to J) and in multiples thereof.

Trading mode of the Instrument	Demat only, in lots of 1 Bond of any sub-series of face value of INR 10 lakhs each.
Business Day Convention	<p>If the coupon payment date falls on a Sunday or a holiday, the coupon payment shall be made on the next Business day. However, the dates of the future payments would continue to be as per the schedule originally stipulated in the offer document.</p> <p>If the redemption date of the Bonds, falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day.</p> <p>If a leap year (i.e. February 29) falls during the tenor of the bonds, then the number of days shall be reckoned as 366 days (actual/ actual day count convention) for the entire year, irrespective of whether the interest/ dividend is payable annually, half yearly, quarterly or monthly.</p> <p>If the redemption date and coupon payment date of the Bonds falls together on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on previous working Business Day along with coupon accrued on the Bonds until but excluding the date of such payment.</p> <p>#In terms of the SEBI Operational Circular SEBI / HO / DDHS / P / CIR / 2021 / 613 dated August 10, 2021, interest / redemption payments shall be made only on the days when the money market is functioning in Mumbai.</p>
Issue Opening Date	19.12.2022
Issue Closing Date	19.12.2022
Pay-in Date	21.12.2022
Deemed date of allotment	21.12.2022
Settlement mode of the Instrument	Demat only
Disclosure of Interest / dividend / redemption dates	As mentioned in cash flow
Record Date	15 (fifteen) days prior to each Coupon Payment Date and Redemption Date. In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)
All covenants of the issue	<ol style="list-style-type: none"> a. Unconditional and irrevocable guarantee from the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such Bonds. b. APSBCL Debt Service Reserve Account (Series II) to the extent of fully covering the servicing requirement of two quarters as liquidity support. c. Default Escrow Covenant (Enumerated below) to take care of DSRA Impairment d. Stipulation for invocation of Government Guarantee for impairment of funds in Debt Service Reserve Account (Series II) to a level below the servicing requirement for the immediate servicing quarter. e. Unconditional and Irrevocable undertakings from the State Government by way of contractual agreement (as integral part of Deed of Guarantee). f. Remedial action under Special conditions

Business Model and Transaction Structure of the Issuer	<p>APSBCL is the sole distribution agency for liquor in the State of Andhra Pradesh which is carried out through 29 depots and 2934 retail outlets as well as licensed private restaurants and bars spread across 26 districts of the State. The Sale proceeds from each outlet is deposited on every working day in the Pool Account maintained with State Bank of India. On the basis of accompanied tagged challan, the amount (Net Revenue) comprising the basic price, all margins, commissions and special margin is transferred from the Pool Account to the APSBCL Net Revenue Receipt Account of the Issuer on the same day.</p>
APSBCL Net Revenue Receipt Account under Default Escrow Mechanism	<p>The APSBCL Net Revenue amount would be transferred to the “APSBCL Net Revenue Receipt Account”. The company has opened the said account with Bank of Baroda. As mentioned above, the transfer of funds to this account is being carried out through an irrevocable standing instruction to State Bank of India by the State Government.</p> <p>As per the procedure detailed under Structured Payment Mechanism, a pre-defined amount from this account would be transferred every working day to the respective debt servicing accounts of the various series of debt liabilities (constituting Permitted Indebtedness as defined below) on first priority basis. Thereafter the Issuer would be free to utilize the balance fund as per its requirement on a day to day basis. The issuer is following this procedure in respect of APSBCL Bonds Series I 2022 – 23 and the same process would be followed in an identical manner for this series also.</p> <p>There would be a default escrow right given on the funds available in this account, which can be triggered unilaterally by Debenture Trustee under certain conditions arising out of the above each working day transfer mechanism not being properly adhered to. This default escrow right would be on pari-passu basis with the APSBCL Bonds Series I 2022 – 23 issued earlier and for any other debt raised later within the limits of Permitted Indebtedness.</p> <ul style="list-style-type: none"> ❖ This account would be under default escrow mechanism under which the Issuer would be free to use any residual part after meeting the each working day transfer obligation under normal circumstances. However, in the event of DSRA impairment of any amount, this account would be escrowed and funds utilized for DSRA replenishment and for building servicing amount in the Bond Servicing Account. This default escrow enforcement would continue, on a pro-rata and pari-passu basis with respect to bonds issued under APSBCL Bonds Series I 2022 – 23 and the proposed Series along with and other Permitted Indebtedness, till such time full replenishment of DSRA and full build-up of servicing amount for the relevant quarter are achieved.
APSBCL Bond Servicing Account (Series II)	<p>The Issuer would be required to open a designated escrow account - “APSBCL Bond Servicing Account (Series II)” exclusively for the benefit of and charged to the Debenture Trustee (on behalf of the bond holders of Series II).</p> <ul style="list-style-type: none"> ❖ This is a Regular Escrow Account and all funds in this account would be solely utilized for servicing of APSBCL Bonds Series II 2022 – 23 throughout the tenor of these bonds.
APSBCL Debt Service Reserve Account (Series II) (DSRA)	<p>The Issuer would be required to open a designated escrow account - “APSBCL Debt Service Reserve Account (Series II)” exclusively for the benefit of and charged to the Debenture Trustee (on behalf of the bond holders under Series II).</p>

	<p>An amount equivalent to the servicing obligation (Principal & Interest) of the outstanding bonds for next 2 (two) quarters would need to be created and maintained by the Issuer till the final redemption of the bonds. The DSRA amount so calculated would need to be deposited atleast 1(one) day prior to the date of allotment of the bonds.</p> <p>The DSRA would be in the form of cash or cash equivalent (deployed in Permitted Investments).</p>
<p>Structured Payment Mechanism</p>	<p>As mentioned above, the Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 1.67% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued under Series II from its APSBCL Net Revenue Receipt Account to APSBCL Bond Servicing Account (Series II). This transfer should be by way of irrevocable standing instruction to Bank of Baroda, this transfer would be on pro-rata and pari-passu basis with that of APSBCL Bonds Series I 2022 - 23 bonds. In case of any further borrowings, the same mechanism would also be followed for the servicing of entire liability on a pari-passu / pro-rata basis upto the level of Permitted Indebtedness. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the APSBCL Bond Servicing Account (Series II).</p> <p>The Issuer would be free to utilize excess amount, if any, lying in the APSBCL Net Revenue Receipt Account, after meeting all such transfers on a day to day basis.</p> <p>The Debenture Trustee would independently monitor the adequacy of collection in the APSBCL Bond Servicing Account (Series II).</p> <p>In the event of full built up of servicing amount not being achieved in any quarter, for whatsoever reason, 15 (fifteen) days prior to the relevant servicing date (T-15), the debenture trustee should inform the Issuer, through written communication, to fund the shortfall within the next 12 (twelve) days.</p> <p>On T-2nd day, if the shortfall still persists, then Debenture Trustee would meet such shortfall by transferring funds from the APSBCL Debt Service Reserve Account (Series II) and make the necessary payments to the debenture holders on the due date.</p> <p>If any of the milestone days mentioned in the T-structure above happens to be a holiday/ bank's non-working day, the immediate preceding bank working day would be the deemed date for execution of the relevant action.</p>
<p>Remedial Action Consequential to Impairment of DSRA</p>	<p>In the event of impairment of APSBCL Debt Service Reserve Account (Series II) on account of meeting servicing obligation on any bond servicing date:</p> <p>(i) The Debenture Trustee would immediately trigger the escrow mechanism on the APSBCL Net Revenue Receipt Account of the Issuer and immediately transfer the balance lying there-in to the APSBCL Debt Service Reserve Account (Series II). Any further accrual to the said account would also get transferred on each working day until the DSRA amount is fully replenished. This transfer for replenishment of DSRA would be on pro-rata and pari-passu basis to the extent of shortfall, if any,</p>

	<p>in DSR Accounts of APBCL Series I bonds or to that of any other future liabilities to the extent of Permitted Indebtedness.</p> <p>(ii) Once all the DSR Accounts in respect of Permitted Indebtedness are fully replenished, the entire amount of further funds received in the said Account would get transferred on each working day to APBCL Bond Servicing Account (Series II) and (Series I) bonds on pro-rata and pari-passu basis till the full build-up of servicing requirement of such quarter are achieved.</p> <p>This recourse would be available to the entire borrowings upto the level of Permitted Indebtedness on pari-passu / pro-rata basis.</p> <p>Once these build-ups are achieved, the default escrow mechanism would be relaxed till any further DSRA impairment.</p>
Permitted Investments	<p>The funds in the APBCL Bond Servicing Account (Series II) and DSRA Account (Series II) till such time being utilized would be allowed to be invested in Permitted Investments i.e. (i) Fixed Deposits with Scheduled Commercial Banks with a minimum credit rating of AA, and/ or (ii) in units of liquid / short term / overnight mutual funds / PSU bonds having the highest possible investment grade rating. These investments will be pledged / charged in favour of the Debenture Trustee.</p> <p>These investments would be made & liquidated by the Debenture Trustee as per the instruction of the Issuer from time to time. However, any investment of funds in APBCL Bond Servicing Account (Series II) other than in Bank FDs would be compulsorily liquidated by the Debenture Trustee on T-3 day if not liquidated earlier. The investment in Bank FDs, out of funds lying in APBCL Bond Servicing Account (Series II) should have a maturity date at least 1 (one) day prior to the next bond servicing date.</p> <p>Similarly, in case of any shortfall persisting in the APBCL Bond Servicing Account (Series II) on T-9 days, the trustee should ensure availability of adequate funds to meet such shortfall in cash form in the DSRA (Series II), if required, through need based liquidation of Permitted Investments.</p>
Permitted Indebtedness	<p>The Issuer would be allowed to raise further liabilities as per its requirement from time to time. However, the aggregate external liability (including all forms of guarantee obligation & contingent liability) should at all times be restricted to an amount such that the minimum Debt Service Coverage Ratio remains at-least 1.50x throughout the tenure of all the bonds. All liabilities raised would enjoy pari-passu status in respect of seniority, security and servicing priority. However, in the event of any subsequent liability being raised on more favourable covenants, the same shall apply, mutatis mutandis, to APBCL Bonds Series I 2022 – 23 & APBCL Bonds Series II 2022 – 23.</p> <p>If Debt Service Coverage Ratio (DSCR) of the Issuer falls lower than 1.35x consecutively on 2 semi-annual testing dates or below 1.30x on any particular testing date, the Issuer would be required to pay an additional interest @ 1% till such time the DSCR gets restored to 1.50x.</p> <p>Such semi-annual DSCR testing will be done on trailing 12 months basis, every June & December, based on C.A. Certified / Audited Financials for the period ending March & September respectively.</p> <p>DSCR shall mean the ratio of (a / b) as below: (a) an amount equivalent to EBITDA of the Issuer less all Taxes and statutory</p>

	<p>dues, paid or to be paid, for the immediately preceding 12 (twelve) months before the Testing Date, where “EBITDA” means the earnings of the Issuer before interest, taxes, depreciation, amortization and optional expenses for social sector funding from the residual liquidity (pursuant to servicing of debt), as reflected in the profit and loss account of the Issuer and adjusting for any non-cash income and expenses, excluding any exceptional items and excluding any impact arising out of the adoption of the IndAS standards on leases (IndAS 116).</p> <p>(b) an amount equivalent to all Financial Indebtedness (including all applicable interests and other charges in respect of such Financial Indebtedness) for the immediately preceding 12 (twelve) months before the Testing Date.</p>
<p>Security</p>	<p>The Bonds would be secured by way of</p> <ol style="list-style-type: none"> 1) Exclusive Charge on the APSBCL Bond Servicing Account (Series II) and the amount transferred therein, which shall be utilized only for servicing of the bonds on quarterly servicing dates. 2) Exclusive Charge on the DSRA Account (Series II) and the funds lying there-in. 3) First charge on the APSBCL Net Revenue Receipt Account and the amount accruing / lying there-in, out of which transfer of funds on each working day for bond servicing is required to be made with default escrowing rights under specific circumstances. This charge would be on a pari-passu / pro-rata basis on the entire debt liability raised by the Issuer within the stipulation of Permitted Indebtedness including APSBCL Bonds Series I 2022 – 23 issued earlier to the extent of INR 8,305 crores. <p>These charges should be created through a Deed of Hypothecation in favour of the Debenture Trustee, immediately after allotment of debenture and prior to making application for listing.</p> <p>The above charge would be filed with the office of the concerned Registrar of Companies and Central Registry of Securitisation Asset Reconstruction and Security Interest (“CERSAI”).</p>
<p>Collateral Support Structure</p>	<p>The bonds would have further collateral support by way of Unconditional & Irrevocable Guarantee as a continuing obligation by the Government of Andhra Pradesh, for the timely servicing of the interest and principal in respect of such Debentures / Bond.</p> <p>Further the Guarantee Agreement should also provide for necessary fund infusion in the DSRA Account (Series II) in the event of impairment to the extent called upon by the Debenture Trustee.</p> <p>Any fund support from the State Government if required for servicing of these bonds should be by way of direct transfer from the State Government Account to DSRA Account (Series II) and should not be routed through any other account of APSBCL.</p> <p>Further the State Government in terms of its Memo No. REV01-CPE0MISC/3/2020 – Excise, Dated 14/06/2022 has provided an unsecured non-interest bearing loan of INR 1412.62 Crores of unsecured non-interest bearing loan to the issuer which shall be sub-servient to the obligation of issuer in respect of all permitted indebtedness. Since, the proposed issue of APSBCL Bonds Series II 2022 – 23 along with the earlier issuance of INR 8305 Crores under APSBCL Bonds Series I 2022 – 23 constitutes a part of permitted indebtedness, the said loan by the state government would remain</p>

	subordinated to these debentures.in terms of all covenants as stipulated in the above mentioned sanction Memo.
Invocation of State Government Guarantee for Shortfall in DSRA	<p>In case of any event, on any pay-out date (Ti) leading to the funds available in DSRA (Series II) being lower than the servicing requirement for the immediate next servicing date (Ti +90), a final notice would be served to the State Government on the next working day (Ti +1). It would state the intention to invoke the State Government Guarantee in case the situation is not remedied within the next 10 (ten) days (Ti +11).</p> <p>If the irregularity continues beyond the above timeline, the Debenture Trustee shall invoke the State Government Guarantee on the next working day (Ti +12) to the extent of such shortfall in DSRA (Series II) from the stipulated level.</p> <p>Such invocation of State Government Guarantee can be made any number of times throughout the tenure of the bonds if the situation so warrants.</p>
Unconditional and Irrevocable undertakings from the State Government by way of Contractual Agreement.	<p>The State Government would be required to give Unconditional and irrevocable Undertaking by way of entering into contractual agreement under the Guarantee Deed for:</p> <ol style="list-style-type: none"> 1) it shall not amend or discontinue the Issuer's sole monopoly and complete control over the distribution of alcoholic beverages in the State of Andhra Pradesh, enabling the collection, ownership and retention of Special Margin; 2) it shall not impose total / partial prohibition on consumption or sale of alcoholic beverages in any part of the State of Andhra Pradesh, save and except for any temporary prohibition imposed due to administrative reasons for a period not exceeding 30 (thirty) days in selected areas which collectively contributed to not more than 2% (two per cent) of the total sales revenue of alcoholic beverages in the State of Andhra Pradesh, during the preceding financial year; 3) it shall not issue or approve any change the pricing policy or distribution policy of alcoholic beverages in any manner that would adversely impact the rights of the Secured Parties in respect of the Net Revenue or adversely impact the Net Revenue of the Issuer such that Issuer is not able to maintain a Debt Service Coverage Ratio on its aggregate borrowing at a minimum level of 1.5 times on a sustained basis; 4) it shall not change or issue any instruction that shall change the manner of withdrawal of the Net Revenue from the APSBCL Net Revenue Receipt Account as agreed in the Transaction Documents; 5) It shall maintain 100% (one hundred percent) shareholding in the Issuer and shall continue to have Control over the Issuer 6) It shall retain the Issuer as the sole distributor of alcoholic beverages in the State of Andhra Pradesh and the Net Revenue shall continue to accrue to the Issuer 7) It shall maintain the corporate structure of the Issuer in the present form and shall not undertake any restructuring / reorganization of the Issuer without prior approval of Debenture Trustee; and 8) It shall continue with the existing policy of procuring liquor from suppliers by way of tenders only and shall make payments to such suppliers only upon sale of such liquor by the Issuer to consumers/ holders of liquor license and realization of the proceeds therefrom, until the Final Settlement Date. <p>These obligations should be an integral part of the Guarantee Deed, which should remain in full force and effect till the final redemption of the bonds.</p>
Special Condition	In the event of imposition of any partial / total prohibition on sales and consumption of liquor in the State of Andhra Pradesh, the State Government

	<p>of Andhra Pradesh would be obligated to take necessary steps for premature redemption of the bonds during a period of next 3 Months. The interest rate on the Bonds for the intervening period till redemption would stand enhanced by 1.00% per annum. The default escrow mechanism on the APSBCL Net Revenue Receipt Account would remain activated and the entire amounts therein would get transferred, on pro-rata basis over the aggregate outstanding Permitted Indebtedness, to the APSBCL Bond Servicing Account (Series II), till the redemption of the Bonds. The above would not be applicable in respect of any temporary prohibition imposed due to administrative reasons for a period not exceeding 30 (thirty) days, in selected areas which contributed in the aggregate not more than 2% (two per cent) of the total sales revenue of alcoholic beverages in the State of Andhra Pradesh, during the preceding financial year.</p> <p>In the event of the above not being adhered to, the same would be considered as an Event of Default (EOD).</p> <p>In the event sale of alcoholic beverages is temporarily suspended in the State of Andhra Pradesh (either in the entire State or parts of the State, as the case may be), due to reasons beyond the control of the Issuer or the Guarantor, the premature redemption of Bonds as mentioned above shall not be triggered provided (i) the Guarantor makes an interim arrangement (to the extent of inadequacy, or otherwise, as may be required) by assigning a specific source of revenue for servicing the Bonds until such temporary suspension is withdrawn; and (ii) there is no impairment of Debt Service Reserve Amount (Series II).</p>
Guarantor	Government of Andhra Pradesh
Transaction Documents	<ol style="list-style-type: none"> 1. Disclosure Document 2. Debenture Trustee Agreement 3. Credit Rating Letters and Rationale 4. In-Principle Approval from Exchanges 5. Debenture Trust Deed 6. Deed of Guarantee cum Undertaking 7. Continuation Letter to the Deed of Guarantee 8. Contractual Agreement and Gazette Notifications. 9. Deed of Hypothecation 10. Escrow Account Agreement 11. Default Escrow Account Agreement 12. Due diligence certificate issued by Debenture Trustee 13. Tripartite Agreement between the Issuer, Registrar and Depositories (NSDL and CDSL) for issue of debentures in dematerialized form. 14. Such other documents as may be specified as transaction documents by the Debenture Trustee
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> 1. A copy of the constitutional documents (including certificates of incorporation) of the Issuer certified as a true copy by its Company Secretary / director. 2. A copy of a resolution of the Board (including any committee thereof) of the Issuer authorizing and approving the Issue of the Bonds: 3. A copy of the shareholders' resolution of the Issuer approving the terms of and creation of security(ies) to secure the Debentures, pursuant to Section 180(1) (a) of the Act. 4. A copy of the shareholders' resolution of the Issuer approving the borrowing limits of the Issuer under Section 180(1) (c) of the Act.

5. A copy of the shareholders' resolution of the Issuer approving the issue of the Bonds, on private placement basis, pursuant to the provisions of Sections 42 and 71 of the Act.
6. A certificate from the company secretary / an authorised signatory of the Issuer certifying that the borrowing, guaranteeing, or collateralizing of the Bonds (as applicable) and other related amounts under the Transaction Documents would not cause any borrowing, collateralizing, guaranteeing or similar limit (as applicable) binding on it to be exceeded.
7. Execution of the Transaction Documents (other than those required to be executed as Conditions Subsequent) and such other documentation as may be required by the Debenture Trustee.
8. Receipt by the Debenture Trustee of the provisional rating letter and rating rationale from Ratings Agencies, issued to the Issuer in respect of the Bonds.
9. Receipt of the consent letter from the Debenture Trustee by the Issuer and execution of agreement with the Registrar and Transfer Agent and depository.
10. Receipt by the Issuer of in-principle approval from the Designated Stock Exchange.
11. The Company shall have submitted to the prospective Bond Holders / Debenture Trustee, all required documents for the purpose of satisfying its respective 'know your client' requirements.
12. Evidence of receipt of ISIN.
13. Evidence of filing of the Board Resolution or the Shareholders' Resolution with registrar of companies.
14. Provide to the Debenture Trustee evidence of the opening of the Accounts.
15. The deposit of the Debt Service Reserve Amount in the AP SBCL Debt Service Reserve Account (Series II) at least 1 (one) day prior to the Deemed Allotment Date and provision of documentary evidence by way of a copy of the AP SBCL Debt Service Reserve Account (Series II) statement certified by the Account Bank, confirming that the requisite Debt Service Reserve Amount has been credited to the AP SBCL Debt Service Reserve Account (Series II), at least 1 (one) day prior to the Deemed Date of Allotment.
16. Providing a certificate to the Debenture Trustee of an authorised signatory of the Issuer and certifying that:
 - a. no Event of Default or Potential Event of Default has occurred and is continuing, and no such event or circumstance will result as a consequence of the Issuer performing any obligation contemplated under the Transaction Documents,
 - b. there is no Material Adverse Effect and there are no circumstances existing which could give rise, with the passage of time or otherwise, to a Material Adverse Effect on the Issuer,
 - c. proceeds of the Debentures shall be utilised in accordance with the Transaction Documents,
 - d. the Issuer is and will be, after issuance of the Debentures, in full compliance with all provisions of the Transaction Documents, its charter, any document to which it is a party or by which it is bound, and any laws applicable to it,
 - e. there are no undisputed Tax dues or liabilities of the Issuer,
 - f. no proceedings have been initiated or are pending against the Issuer under the Income Tax Act, 1961, which will have Material Adverse Effect on the Issuer

	<ul style="list-style-type: none"> g. no notice has been served on the Issuer in terms of Rule 2 of the Second Schedule to the Income Tax Act, 1961, and h. no material claims have been received in respect of any tax or any other sum payable by the Issuer as a result of completion of any proceedings under the Income Tax Act, 1961; and i. the properties to be hypothecated by the Issuer to secure the Debentures do not qualify as “assets” as per the explanation provided in Section 281 of the Income Tax Act, 1961, and accordingly Section 281 of the Income Tax Act, 1961 is not applicable to the Issuer in respect of such hypothecation. <ol style="list-style-type: none"> 17. Legal opinion to be issued by the legal counsel to the Debenture Trustee to be in agreed form. 18. A no objection certificate from the existing lenders or security trustee (as the case may be) of the Financial Indebtedness incurred by the Issuer in a form and manner satisfactory to the Debenture Trustee. 19. Copy of standing instruction given by the Company to Account Bank to debit APBCL Net Revenue Receipt Account and credit to Bond Servicing Account, in accordance with the terms of the Net Revenue Receipt Account Agreement. 20. Evidence that all amounts payable to discharge the Existing Indebtedness has been paid in full to the Existing Indebtedness Lender.
<p>Condition Subsequent to Disbursement</p>	<ol style="list-style-type: none"> 1. Execution of the Debenture Trust Deed and the Deed of Hypothecation and creation of charge over the Secured Properties in favour of the Debenture Trustee (for the benefit of the Debenture Holders) immediately after the Deemed Date of Allotment, but prior to making the application for listing. 2. Receipt by the Debenture Trustee of the ‘no dues’ certificate and confirmation of release of charge over the Securities from the Existing Indebtedness Lender, within 2 (two) working days from the Issue Closing Date, and in any event before the execution of the Deed of Hypothecation. 3. Filing of requisite forms with the Registrar of Companies, and the Central Registry of Securitisation Asset Reconstruction and Security Interest of India by the Issuer, and making of such disclosure(s) as may be required under Applicable Law, for perfection of the Security Interest created in terms of the Transaction Documents, in accordance with Applicable Law, on or prior to expiry of 30 (thirty) calendar days from the Deemed Date of Allotment. 4. Providing an end use certificate certified by an independent chartered accountant within 30 (thirty) days of the Deemed Date of Allotment. 5. Within 4 (four) working days of the Issue Closing Date, providing the final listing approval from the Designated Stock Exchange in respect of listing of the Bonds on the wholesale debt market segment of the Designated Stock Exchange. 6. Within 7 (seven) days of Deemed Date of Allotment, the Company shall provide certified copy of all corporate actions approving and allotting the Bonds. 7. Within 2 (two) working days of Deemed Date of Allotment, the Company shall credit the dematerialized accounts of the Bond Holders with the Bonds. 8. The Company shall provide evidence of maintenance of a complete record of the private placement offers in Form PAS – 5 maintained by the Company in accordance with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, (as amended from time to time). 9. Within 30 (thirty) days from the Deemed Date of Allotment, the Company shall provide evidence of filing of a return of allotment on the issue of the

	<p>Bonds in Form PAS-3 specified pursuant to Rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, (as amended from time to time) by the Company.</p> <p>10. Within 15 (fifteen) days of the Deemed Date of Allotment, the Issuer shall have informed the Guarantor about the amount raised through the issuance of the Bonds alongwith the redemption schedule of the Bonds.</p>
Creation of recovery expense fund	The Issuer has created the Recovery Expense Fund for a maximum limit of INR 25,00,000 (Indian Rupees Twenty-Five Lakh only) in accordance with the SEBI REF Circular with the BSE Limited.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Conditions amounting to breach of covenants, their cure period, breaches which constitute Events of Default and their consequences shall be as mentioned in the Debenture Trust Deed
Provisions related to Cross Default Clause	Occurrence of any event of default under APSBCL Bonds Series I 2022 - 23 or any other liabilities falling within the ambit of Permitted Indebtedness.
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	<ol style="list-style-type: none"> i. Non-payment of any bond servicing obligation on due date. ii. Any failure on behalf of Issuer to perform or comply with one or more of its material obligations in relation to the bonds issued in pursuance of terms and conditions stated in the Disclosure Document and Debenture Trustee Agreement which in opinion of the Trustee is incapable of remedy. iii. Breach of Contractual Agreement given by the State Government if not remedied as mentioned above with 30 (thirty) working days. iv. Failure to honor State Government Guarantee invoked for replenishment of funds in DSRA (Series II) within stipulated timelines. v. Application for initiation of any insolvency proceedings against the Issuer under any applicable bankruptcy / insolvency / winding up or other similar law (including the IBC) filed any time during the pendency of the bonds and not stayed or dismissed within 7 (seven) days from the date of such filing. <p>The manner of voting and conditions of joining inter creditor agreement, in case of occurrence of an Event of Default, shall be such as may be prescribed under the Applicable Laws.</p>
Remedies	<p>In the event of occurrence of the EOD mentioned above, the Debenture Trustee shall</p> <ol style="list-style-type: none"> 1) Initiate legal recourse against the Issuer for recovery of dues. 2) Give a final notice to the State Government clearly stating its intention to invoke the Guarantee and enforce its rights under the Deed of Guarantee if the situation persists for a period of more than 15 (fifteen) working days from the date of such notice. <p>Upon continuation of such event, beyond the time stipulated above, the Debenture Trustee shall invoke the Security and Guarantee of the State Government on the next working day.</p> <p>The invocation of Security and Guarantee for any default would cover the entire liabilities remaining outstanding in these bonds.</p> <p>The escrowing right on the APSBCL Net Revenue Receipt Account of the Issuer by way of transfer on each working day to APSBCL Bond Servicing Account (Series II) would continue to remain active and operational till all the outstanding liabilities get settled.</p>

	Prior to invocation of the Guarantee, the obligations with respect to the Bonds issued under APBCL Bond Series II 2022 – 23 in terms of the Transaction Documents shall be solely upon the Issuer and the liability of the Guarantor shall not be direct but contingent to the terms of invocation set out in the Guarantee Deed. Upon invocation of the guarantee, the Guarantor (Government of Andhra Pradesh) shall be construed as a principal debtor and will be directly and primarily liable for discharge of the obligations with respect to the Bonds issued under APBCL Bond Series II 2022 – 23. Upon invocation of Guarantee, the liability on account of the outstanding Bonds including payments with respect to shortfall in DSRA (Series II), shall become the direct and primary liability of the Guarantor (Government of Andhra Pradesh) and shall be treated at par with all other liabilities of the Guarantor.
Roles and responsibilities of Debenture Trustee	In accordance with applicable law and the Transaction Documents
Risk factors pertaining to the Issue	As detailed in this Placement Memorandum under the head “Management Perception of Risk Factors”
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of the Courts at the city of Vijayawada and Mumbai only.
SEBI Electronic Book Mechanism Guidelines	The final subscription to the Bonds shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the SEBI Electronic Book Mechanism Guidelines by placing bids on the electronic book platform during the Issue period. Minimum Bid Lot: INR 100 lakhs (comprising 1 Bond of INR 10 lakhs Face Value in each Sub-Series ‘A’ through ‘J’) and in multiples thereof. Manner of bidding: Closed Book Manner of Allotment: Uniform Price Manner of Settlement: Through ICCL Settlement Cycle: T+ 2 (T= Bidding date i.e. December 19, 2022)
Trustees	Beacon Trusteeship Limited
Registrar	BEETAL Financial & Computer Services Pvt Ltd.

Note:

- The term “working day” as used in the Term Sheet above means a day on which the sale of alcoholic beverages is permitted in the State of Andhra Pradesh.
- For the avoidance of doubt, it is clarified that in case any working day does not fall on a Banking Day, the amount to be transferred on each working day(s) from the APBCL Net Revenue Receipt Account to APBCL Bond Servicing Account (Series II) shall be cumulated on a rolling basis and be carried forward and aggregated with the funding requirement on the immediately following Banking Day.

* Subject to deduction of tax at source as applicable.

** The Issuer reserves its sole and absolute right to modify (pre-poned/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, Investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Date is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of Placement Memorandum, in favour of Bond Trustee, it is the duty of the Bond Trustee to monitor that the security is maintained.

(Y) DISCLOSURE OF CASH FLOWS: as per SEBI Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, as amended from time to time

Company	Andhra Pradesh State Beverages Corporation Limited
Tenure	1-10 years under 10 different Sub Series
Face Value (per security)	INR 10,00,000
Date of Allotment	21.12.2022
Final Redemption Date	Each of the Sub-Series from A to J would be redeemable in 4 (four) equal quarterly instalments of 2.50% each of the aggregate issue size with the redemption of Sub Series A commencing from the end of 1 st servicing quarter from the date of allotment. Similarly, redemption of Sub Series B would commence from the end of 5 th servicing quarter and so on
Fixed Coupon Rate	9.62% per annum payable quarterly
Frequency of the interest payment with specified dates	Quarterly. Dates as stated in the illustrative cash flow
Day count Convention	Actual/Actual

ILLUSTRATIVE CASH FLOW PER BOND FOR EACH SUB-SERIES OF THE BONDS

(Amounts in Rs.)

Dates	A	B	C	D	E	F	G	H	I	J	Total
Issue Price per bond	10,00,000.00	10,00,000.00	10,00,000.00	10,00,000.00	10,00,000.00	10,00,000.00	10,00,000.00	10,00,000.00	10,00,000.00	10,00,000.00	1,00,00,000.00
Average Maturity (Years)	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	
Price on Value Date	10,00,000	9,99,999.99	10,00,000.00	10,00,000.01	10,00,000.00	9,99,999.98	10,00,000.03	10,00,000.01	9,99,999.99	10,00,000.01	1,00,00,000.02
Wednesday, 21 December, 2022											
Wednesday, 21 December, 2022	-10,00,000.00	-10,00,000.00	-10,00,000.00	-10,00,000.00	-10,00,000.00	-10,00,000.00	-10,00,000.00	-10,00,000.00	-10,00,000.00	-10,00,000.00	-1,00,00,000.00
Wednesday, 21 December, 2022	-	-	-	-	-	-	-	-	-	-	-
Tuesday, 28 February, 2023	2,68,185.75	18,185.75	18,185.75	18,185.75	18,185.75	18,185.75	18,185.75	18,185.75	18,185.75	18,185.75	4,31,857.53
Wednesday, 31 May, 2023	2,68,185.75	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	4,86,414.79
Thursday, 31 August, 2023	2,62,123.84	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	4,80,352.88
Thursday, 30 November, 2023	2,55,996.03	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	4,71,853.01
Thursday, 29 February, 2024		2,73,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	4,65,267.21
Friday, 31 May, 2024		2,68,136.07	24,181.42	24,181.42	24,181.42	24,181.42	24,181.42	24,181.42	24,181.42	24,181.42	4,61,587.43
Friday, 30 August, 2024		2,61,959.29	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	4,53,307.92
Friday, 29 November, 2024		2,55,979.64	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	23,918.58	4,47,328.28
Friday, 29 August, 2025			2,73,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	4,41,872.88
Friday, 30 May, 2025			2,67,988.08	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	4,35,876.85
Friday, 29 August, 2025			2,61,992.05	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	4,29,880.82
Friday, 28 November, 2025			2,55,996.03	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	4,23,884.79
Friday, 27 February, 2026				2,73,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	4,17,888.77
Friday, 29 May, 2026				2,67,988.08	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	4,11,892.74
Monday, 31 August, 2026				2,62,387.40	24,774.79	24,774.79	24,774.79	24,774.79	24,774.79	24,774.79	4,11,036.16
Monday, 30 November, 2026				2,55,996.03	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	3,99,900.68
Friday, 26 February, 2027					2,73,193.42	23,193.42	23,193.42	23,193.42	23,193.42	23,193.42	3,89,160.55
Monday, 31 May, 2027					2,68,581.10	24,774.79	24,774.79	24,774.79	24,774.79	24,774.79	3,92,455.07
Tuesday, 31 August, 2027					2,62,123.84	24,247.67	24,247.67	24,247.67	24,247.67	24,247.67	3,83,362.19
Tuesday, 30 November, 2027					2,55,996.03	23,984.11	23,984.11	23,984.11	23,984.11	23,984.11	3,75,916.58
Tuesday, 29 February, 2028						2,73,918.58	23,918.58	23,918.58	23,918.58	23,918.58	3,69,592.90
Wednesday, 31 May, 2028						2,68,136.07	24,181.42	24,181.42	24,181.42	24,181.42	3,64,861.75
Thursday, 31 August, 2028						2,62,090.71	24,181.42	24,181.42	24,181.42	24,181.42	3,58,816.39
Thursday, 30 November, 2028						2,55,979.64	23,918.58	23,918.58	23,918.58	23,918.58	3,51,653.96
Wednesday, 28 February, 2029							2,73,720.55	23,720.55	23,720.55	23,720.55	3,48,882.19
Thursday, 31 May, 2029							2,68,185.75	24,247.67	24,247.67	24,247.67	3,40,928.77
Friday, 31 August, 2029							2,62,123.84	24,247.67	24,247.67	24,247.67	3,34,866.85
Friday, 30 November, 2029							2,55,996.03	23,984.11	23,984.11	23,984.11	3,27,948.36
Thursday, 28 February, 2030								2,73,720.55	23,720.55	23,720.55	3,21,161.64
Friday, 31 May, 2030								2,68,185.75	24,247.67	24,247.67	3,16,681.10
Friday, 30 August, 2030								2,61,992.05	23,984.11	23,984.11	3,09,960.27
Friday, 29 November, 2030								2,55,996.03	23,984.11	23,984.11	3,03,964.25
Friday, 28 February, 2031									2,73,984.11	23,984.11	2,97,968.22
Friday, 30 May, 2031									2,67,988.08	23,984.11	2,91,972.19
Friday, 29 August, 2031									2,61,992.05	23,984.11	2,85,976.16
Friday, 28 November, 2031									2,55,996.03	23,984.11	2,79,980.14
Friday, 27 February, 2032										2,73,918.58	2,73,918.58
Monday, 31 May, 2032										2,68,530.33	2,68,530.33
Tuesday, 31 August, 2032										2,62,090.71	2,62,090.71
Monday, 29 November, 2032										2,55,913.93	2,55,913.93
Total	10,54,491.37	11,50,658.78	12,46,562.64	13,42,894.42	14,39,160.31	15,35,590.93	16,31,692.09	17,27,760.31	18,23,762.64	19,20,192.35	1,48,72,765.84

PRINCIPAL REDEMPTION SCHEDULE

(Amounts in Rs.)

Assumption	INR
Aggregate Amount	17,00,00,00,000
STRPP Amount	1,70,00,00,000

Dates	A	B	C	D	E	F	G	H	I	J	Total
Issue Price per bond	1,70,00,00,000	1,70,00,00,000	1,70,00,00,000	1,70,00,00,000	1,70,00,00,000	1,70,00,00,000	1,70,00,00,000	1,70,00,00,000	1,70,00,00,000	1,70,00,00,000	17,00,00,00,000
Tuesday, 28 February, 2023	42,50,00,000										42,50,00,000
Wednesday, 31 May, 2023	42,50,00,000										42,50,00,000
Thursday, 31 August, 2023	42,50,00,000										42,50,00,000
Thursday, 30 November, 2023	42,50,00,000										42,50,00,000
Thursday, 29 February, 2024		42,50,00,000									42,50,00,000
Friday, 31 May, 2024		42,50,00,000									42,50,00,000
Friday, 30 August, 2024		42,50,00,000									42,50,00,000
Friday, 29 November, 2024		42,50,00,000									42,50,00,000
Friday, 28 February, 2025			42,50,00,000								42,50,00,000
Friday, 30 May, 2025			42,50,00,000								42,50,00,000
Friday, 29 August, 2025			42,50,00,000								42,50,00,000
Friday, 28 November, 2025			42,50,00,000								42,50,00,000
Friday, 27 February, 2026				42,50,00,000							42,50,00,000
Friday, 29 May, 2026				42,50,00,000							42,50,00,000
Monday, 31 August, 2026				42,50,00,000							42,50,00,000
Monday, 30 November, 2026				42,50,00,000							42,50,00,000
Friday, 26 February, 2027					42,50,00,000						42,50,00,000
Monday, 31 May, 2027					42,50,00,000						42,50,00,000
Tuesday, 31 August, 2027					42,50,00,000						42,50,00,000
Tuesday, 30 November, 2027					42,50,00,000						42,50,00,000
Tuesday, 29 February, 2028						42,50,00,000					42,50,00,000
Wednesday, 31 May, 2028						42,50,00,000					42,50,00,000
Thursday, 31 August, 2028						42,50,00,000					42,50,00,000
Thursday, 30 November, 2028						42,50,00,000					42,50,00,000
Wednesday, 28 February, 2029							42,50,00,000				42,50,00,000
Thursday, 31 May, 2029							42,50,00,000				42,50,00,000
Friday, 31 August, 2029							42,50,00,000				42,50,00,000
Friday, 30 November, 2029							42,50,00,000				42,50,00,000
Thursday, 28 February, 2030								42,50,00,000			42,50,00,000
Friday, 31 May, 2030								42,50,00,000			42,50,00,000
Friday, 30 August, 2030								42,50,00,000			42,50,00,000
Friday, 29 November, 2030								42,50,00,000			42,50,00,000
Friday, 28 February, 2031									42,50,00,000		42,50,00,000
Friday, 30 May, 2031									42,50,00,000		42,50,00,000
Friday, 29 August, 2031									42,50,00,000		42,50,00,000
Friday, 28 November, 2031									42,50,00,000		42,50,00,000
Friday, 27 February, 2032										42,50,00,000	42,50,00,000
Monday, 31 May, 2032										42,50,00,000	42,50,00,000
Tuesday, 31 August, 2032										42,50,00,000	42,50,00,000
Monday, 29 November, 2032										42,50,00,000	42,50,00,000
Total	1,70,00,00,000	17,00,00,00,000									

DISCLOSURES IN TERMS OF SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 03, 2020

The Bonds shall be considered as secured only if the charged asset is registered with sub-registrar and registrar of companies or CERSAI or depository, etc., as applicable, or is independently verifiable by Bond Trustee.

(V) MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER

Set out below is the statement containing particulars of, dates of, and parties to all material contracts and agreements of the Issuer

- Memorandum & Articles of Association
- Credit Rating Letter dated November 17, 2022 from India Ratings & Research Pvt. Ltd.
- Credit Rating Letter dated November 16, 2022 from Acuité Ratings & Research Limited.
- Consent from Beacon Trusteeship Limited to act as trustee vide their letter dated November 16, 2022.
- Consent of Beetal Financial Computer Services Pvt. Ltd to act as Registrar and Transfer Agent vide their letter dated November 16, 2022.
- Copy of audited annual report for financial years 2016-17, 2017-18, 2018-19, financial statements for financial years 2019-20, 2020-21 and 2021-22 along with respective audit reports thereon, issued by CAG appointed statutory auditors and for the quarter ended June 30, 2022 and the half year ended September 30, 2022 along with respective limited review reports thereon, issued by CAG appointed statutory auditors.
- Certified true copy of resolution dated November 14, 2022, of the Board of Directors u/s 179 of the Companies Act, 2013.
- List of authorized signatories under the resolutions

The above material documents and contracts are available for inspection between 11.00 a.m. to 3.00 p.m. on all working days at the registered office of the Issuer at 1st Floor, Proh. & Excise Complex, D.No.5-69-55/9A Taluk Office Compound, 6/1, Brodipet Guntur Krishna - 522002

INCONSISTENCY/REPUGNANCE: In the event of any inconsistency between this Placement Memorandum and the other Transaction Documents, the provisions of the Bond Trust Deed shall prevail.

FORM NO. PAS -4
PART A

PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014]



Name of the Issuer: ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Regd. Office: 1st Floor, Proh. & Excise Complex, D.No.5-69-55/9A, Taluk Office Compound, 6/1, Brodipet Guntur, Guntur District, Andhra Pradesh - 522002
Tel: 0866-2844699; Fax: NA.
Email: apsbclco2122@gmail.com
CIN: U15400AP2015SGC097161

1. GENERAL INFORMATION

- a. Name, address, website and other contact details of the company indicating both registered office and corporate office:

SR. No	PARTICULARS	:	DETAILS
(i)	REGISTERED OFFICE OF THE ISSUER		
•	Name	:	ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
•	Address	:	1st Floor, Proh. & Excise Complex, D.No.5-69-55/9A, Taluk Office Compound, 6/1, Brodipet Guntur, Guntur District, Andhra Pradesh - 522002
•	Tele No	:	0866-2844699
•	Fax No	:	NA
•	Email	:	apsbclco2122@gmail.com
•	Website	:	www.apsbcl.ap.gov.in
(ii)	CORPORATE OFFICE OF THE ISSUER		
•	Name	:	ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
•	Address	:	4th Floor, Prohibition & Excise Complex, S.No. 88-2b, Poultryfarm Road, Prasadampadu (V), Vijayawada - 521108
•	Tele No	:	0866-2844699
•	Fax No	:	NA
•	Email	:	apsbclco2122@gmail.com
•	Website	:	www.apsbcl.ap.gov.in
(iii)	COMPLIANCE OFFICER OF THE ISSUER		
•	Name	:	Shri Rajesh Reddy
•	Address	:	6-26, Kollafarm Road, SER Center, Prasadampadu, Vijayawada-521108
•	Tele No	:	9701251250
•	Fax No	:	NA
•	Email	:	apsbcl.cs@gmail.com
•	Website	:	www.apsbcl.ap.gov.in
(iv)	CHIEF FINANCIAL OFFICER OF THE ISSUER		
•	Name	:	None
•	Address	:	Not applicable
•	Tele No	:	Not applicable
•	Fax No	:	Not applicable
•	Email	:	Not applicable

•	Website	:	Not applicable
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b. Business carried on by the company and its subsidiaries with the details of branches or units, if any: Please refer to Clause, "BRIEF SUMMARY OF BUSINESS/ACTIVITIES OF COMPANY" of this Placement Memorandum.

c. Brief particulars of the management of the company: Please refer to the clause "DETAILS REGARDING THE DIRECTORS OF THE COMPANY" of this Placement Memorandum.

d. Names, addresses, DIN and occupations of the directors: Please refer to the clause "DETAILS REGARDING THE DIRECTORS OF THE COMPANY" of this Placement Memorandum.

e. Management's perception of risk factors: Please refer to the Clause "Management Perception of Risk Factors" of this Placement Memorandum

f. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of -

- i) Statutory dues: Nil
- ii) Debentures and interest thereon: Nil
- iii) Deposits and interest thereon: Nil
- iv) Loan from any bank or financial institution and interest thereon: Nil

g. Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process:

Name	:	Shri Rajesh Reddy
Address	:	6-26, Kollafarm Road, SER Center, Prasadampadu, Vijayawada-521108
Tele No	:	9701251250
Fax No	:	NA
Email	:	apsbcl.cs@gmail.com
Website	:	www.apsbcl.ap.gov.in

h. Any default in Annual filing of the Company under the Companies Act 2013 or the rules made thereunder:

Issuer has not been able to convene its annual general meetings and undertake the filing of annual forms in respect of the FY 2019-20, FY 2020-21 & FY 2021-22 as the Comptroller and Auditor General of India is yet to provide its comments on the statutory audit report of the financials for such years. No other default in annual filing has been made by the Issuer.

2. PARTICULARS OF THE OFFER

- a. Financial position of the Company for last 3 financial years - Annexure 6**
- b. Date of passing of board resolution - November 14, 2022**
- c. Date of passing of resolution in the general meeting, authorizing the offer of securities - May 19, 2022**
- d. Kinds of securities offered (i.e. whether share or debenture) and class of security:** Please refer to the TERM SHEET of this Placement Memorandum.

- e. Price at which the security is being offered including the premium, if any, along with justification of the price:**

Face Value: INR 10 Lakh

Issue Price: INR 10 Lakh

Minimum Application: INR 100 lakhs (comprising 1 Bond of INR 10 lakhs Face Value in each Sub-Series A-J) and in multiples thereof

Justification: Not applicable

- f. Name and address of the Valuer who performed valuation of the security offered:** NA

- g. Amount which the company intends to raise by way of securities:** INR 500 crores with Green Shoe Option of INR 3,195 crores, out of which the Issuer has accepted bids for subscription to Bonds of INR 1,700 Crores under APSBCL Bond Series II 2022-23, comprising of base issue of INR 500 Crores and green shoe option of INR 1,200 Crores.

- h. Terms of raising of securities: Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment:** Please refer to the TERM SHEET of this Placement Memorandum.

- i. Proposed time schedule for which the offer letter is valid:** Please refer to the TERM SHEET of this Placement Memorandum.

- j. Purposes and objects of the offer:** Please refer to the TERM SHEET of this Placement Memorandum.

- k. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects:** Nil

- l. Principle terms of assets charged as security, if applicable:**

The Bonds would be secured by way of

- 1) Exclusive Charge on the APSBCL Bond Servicing Account (Series II) and the amount transferred therein, which shall be utilized only for servicing of the bonds on quarterly servicing dates.
- 2) Exclusive Charge on the DSRA Account (Series II) and the funds lying there-in.
- 3) First charge on the APSBCL Net Revenue Receipt Account and the amount accruing / lying there-in, out of which daily transfer of funds for bond servicing is required to be made with default escrowing rights under specific circumstances. This charge would be on a pari-passu / pro-rata basis on the entire debt liability raised by the Issuer within the stipulation of Permitted Indebtedness.

3. THE PRE-ISSUE AND POST-ISSUE SHAREHOLDING PATTERN OF THE COMPANY IN THE FOLLOWING FORMAT

Kindly refer to section titled "SHAREHOLDING PATTERN OF THE COMPANY AS ON LAST QUARTER END" of the Placement Memorandum.

There shall be no change in the shareholding pattern post the proposed Issue.

4. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.

- i. **Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons:** No
- ii. **Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a Statutory Authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or Statutory Authority upon conclusion of such litigation or legal action shall be disclosed:** None
- iii. **Remuneration of directors (during the current year and last three financial years);**

Please refer to Annexure 6 of this Placement Memorandum.

Remuneration to Managing Director –
For F.Y 2022-23- INR 12,58,947 (upto October 2022)
For FY 2021-22- INR 15,91,173
For FY 2020-21- INR 16,33,292
For FY 2019-20- INR 7,83,709

Remuneration to other directors during the current financial year and last three financial years –
NIL
- iv. **Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.** Please refer to Annexure 6 of this Placement Memorandum.
- v. **Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark:** Please refer to Annexure 6 of this Placement Memorandum.
- vi. **Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries:** None
- vii. **Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company:** Nil

5. FINANCIAL POSITION OF THE COMPANY

A. The capital structure of the company in the following manner in a tabular form: -

- (i) (a) The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value):

Particulars	Number of Shares	Description	Nominal Value Per share	Aggregate Nominal Value (In Rs.)
Authorised Capital	1000	Equity shares	1000	10,00,000
Issued Capital	500	Equity shares	1000	5,00,000
Subscribed Capital	500	Equity shares	1000	5,00,000
Paid up Capital	500	Equity shares	1000	5,00,000
Paid up Capital (after offer)	500	Equity shares	1000	5,00,000
Paid up Capital (after conversion of convertible instruments-if applicable)	500	Equity shares	1000	5,00,000
Share Premium Account	0	-	-	-
Money Received against Share Warrant	0	-	-	-

(c) Size of the present offer:

INR 500 crores with Green Shoe Option of INR 3,195 crores, out of which the Issuer has accepted bids for subscription to Bonds of INR 1,700 Crores under APSBCL Bond Series II 2022-23, comprising of base issue of INR 500 Crores and green shoe option of INR 1,200 Crores.

(c) Paid-up Capital:

- (i) After the offer: INR 5,00,000
- (ii) After conversion of convertible instruments (if applicable): Not applicable

(d) Share Premium Account (before and after the offer):

No changes since the issue is of Non-Convertible Bonds

(ii) The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.

Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case;

Please refer to the clause "DETAILS OF SHARE CAPITAL" of this Placement Memorandum.

B. Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter;

Year	Profit before Tax	Provision for Tax (including adjustments for earlier years)	(In Rs.)
			Profit after Tax
F.Y. 2021-22	1193591914	159407029	1034184885
F.Y. 2020-21	(9,11,16,220)	(4,80,80,165)	(4,30,36,055)
F.Y. 2019-20	5,27,58,564	1,53,63,294	3,73,95,270
F.Y. 2018-19	26,22,16,528	7,92,51,460	18,29,65,067
F.Y. 2017-18	22,56,25,323	6,50,70,342	16,05,54,981
F.Y. 2016-17	14,54,98,499	5,30,86,016	9,24,12,483

C. Dividends declared by the Company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)

Year	Dividend	Interest Coverage Ratio
F.Y. 2021-22	Nil	832.11
F.Y. 2020-21	Nil	NA*
F.Y. 2019-20	Nil	NA*
F.Y. 2018-19	Nil	NA*
F.Y. 2017-18	Nil	NA*
F.Y. 2016-17	Nil	NA*

* Repayment rollover for every 6 months and paid by the Government of Andhra Pradesh

D. A summary of the financial position of the Company as in the three audited balance sheets preceding the date of circulation of offer letter#:

Please refer to Annexure 6 of this Placement Memorandum.

#Pursuant to the application made by the Issuer, SEBI has permitted the Issuer to issue the Bonds through private placement subject to submission of latest available audited annual reports and disclosure of audited financials, pending Comptroller and Auditor General of India (CAG) report, for the period upto June 30, 2022

E. Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter#;

Please refer to Annexure 6 of this Placement Memorandum.

#Pursuant to the application made by the Issuer, SEBI has permitted the Issuer to issue the Bonds through private placement subject to submission of latest available audited annual reports and disclosure of audited financials, pending Comptroller and Auditor General of India (CAG) report, for the period upto June 30, 2022

F. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.

No change in the accounting policy.

(X) DECLARATION

The issuer undertakes that this Placement Memorandum contains full disclosures in conformity section 42 of the Companies Act, 2013 and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and any amendments thereto.

The Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act and the rules and regulations made thereunder (except to the extent mentioned herein).

The compliance with the provisions of Companies Act 2013 and the rules made thereunder does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.

The monies received under the Issue shall be used only for the purposes and objects indicated in this document under Term Sheet section

The Issuer accepts no responsibility for the statements made otherwise than in this Placement Memorandum or in any other material issued by or at the instance of the Issuer and that any one relying on such information from any other source would be doing so at his own risk.

Whatever is stated in this Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and Articles of Association of the Company.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Placement Memorandum

For Andhra Pradesh State Beverages Corporation Limited

(Authorized Signatory)

Date: 20.12.2022
Place: Vijayawada

(Y) ANNEXURE(S)

- 1. Annexure 1 - Rating Letter**
- 2. Annexure 2 - Rating Rationale -**
- 3. Annexure 3 - Bond Trustee Consent Letter**
- 4. Annexure 4 - R&T Agent Consent Letter**
- 5. Annexure 5 - In-Principle Listing Approval Letter- BSE Limited**
- 6. Annexure 6 - Copy of Audited Annual Report for Financial Years 2016-17, 2017-18, 2018-19, Financial Statements for Financial Years 2019-20, 2020-21 and 2021-22 , for the 3 months' period ended on June 30, 2022 and for the 3 months' period ended on September 30, 2022 along with Respective Audit Reports Thereon, issued by CAG Appointed Statutory Auditors.**
- 7. Annexure 7 - Share Holder's – Special Resolution Dated 19 May 2022 and Board Resolution dated 14 November 2022.**
- 8. Annexure 8 - Application Form**
- 9. Annexure 9 - Due Diligence Certificate as Per Annexure A**

Part B

(To be filled by Applicant)

Sl. No.	Details	Description
1	Name	
2	Father's name	
3	Corporate Identity Number	
4	Nationality	
5	Complete address including Flat / House Number, street, locality, pin code	
6	Name of Contact Person	
7	Phone number	
8	Email id	
9	PAN number	
10	Bank account details	

For and on behalf of _____

(Authorised Signatory)

Initial of the Officer of the Company designated to keep record: _____

Rating Revalidation Letter

Private and Confidential

November 16, 2022

Andhra Pradesh State Beverages Corporation Limited
88/2B, D.NO 6- 60, 2ND AND 3RD FLOOR, HCPL SAIVIHAR,
PRASADAMPADU, VIJAYAWADA

Kind Attn.: Mr D.Vasudeva Reddy, Managing Director (Tel. No. 7993954456)

Dear Mr. Reddy,

Scan this QR Code to verify



Sub.: Credit Rating of Secured Redeemable Non-Convertible Debenture Issue by Andhra Pradesh State Beverages Corporation Limited Limited Aggregating Rs. 3695.00 Cr

Acuité Ratings & Research Limited has an outstanding rating of 'ACUITE Provisional AA+(CE)' read as [ACUITE provisional Double A plus (Credit Enhancement)] with a 'Stable' outlook for the abovementioned debt instrument [see annexure 1]. As per Acuité's rating definition, instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Kindly inform us the details of the NCDs being issued by you, immediately, but not later than 7 days from the date of such issuances in the following format:

Type of Instrument	ISIN	Issue Size (Rs. cr.)	Date of issue	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Names of top 10 investors

Acuité reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité's policies. Hence lenders / investors are advised to visit <https://www.acuite.in/> to confirm the current outstanding rating. Acuité ratings are not recommendations to buy, sell or hold any security.

Yours truly,
For Acuité Ratings & Research Limited



Suman Chowdhury
Chief Analytical Officer

DISCLAIMER

An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité, Acuité 's rating scale and its definitions.

Acuité Ratings & Research Limited

SEBI Registered | RBI Accredited

708, Lodha Supremus, Lodha iThink Techno Campus, Kanjurmarg (East), Mumbai - 400042 | +91 22 49294000 SMS: +919969898000 | www.acuite.in | CIN: U74999MH2005PLC155683

Rating Revalidation Letter

ANNEXURE - I

Instrument	Scale	Amount (Rs. Cr)	Ratings
Proposed Non-Convertible Debentures	Long Term	3695.00	ACUITE Provisional AA+ (CE)/ Stable
Total Debt		3695.00	

Acuite Ratings & Research Limited

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| CIN: U74999MH2005PLC155683

Mr. D. Vasudeva Reddy, IRTS
Commissioner of Distilleries & Breweries and Managing Director
Andhra Pradesh State Beverages Corporation Limited
4th Floor, Prohibition & Excise Complex, Prasadampadu
Vijayawada - 521108

November 17, 2022

Dear Sir/Madam,

Re: Rating for Andhra Pradesh State Beverages Corporation Limited's INR120 billion non-convertible debenture (NCD) programme

This is in reference to the rating action commentary released on 16 June 2022.

India Ratings and Research (Ind-Ra) is pleased to communicate the following ratings:

Instrument Type	Size of Issue (billion)	Rating/Outlook
^*Non-convertible debentures (NCDs) (Series I)	INR83.05	IND AA(CE)/Stable
#*Proposed NCDs	INR36.95	Provisional IND AA(CE)/Stable
Unsupported ratings\$	-	IND A/Stable

*Details in Annexure

^The assignment of the final rating follows the receipt of key executed transaction documents conforming to the information already received by Ind-Ra and the creation of a debt service reserve on 13 June 2022. The final rating is, therefore, the same as the provisional rating assigned on 22 April 2022. The key documents received are deed of guarantee cum undertaking, debenture trust deed, final term sheet, deed of hypothecation, escrow and default escrow account agreements.

#The rating on the proposed NCDs is provisional and pending execution of documents. The final rating, upon the receipt of executed documents consistent with the draft documents, shall be assigned within 90 days from the date of issuance of the instrument. The provisional rating may be extended by another 90 days, subject to Ind-Ra's policy, if the execution of the documents is pending.

In the absence of the documentation considered while affirming the provisional rating, the agency would have rated the proposed NCDs at 'IND A'.

\$Ind-Ra has assigned an unsupported rating in compliance with the Securities Exchange Board of India's circular dated 13 June 2019, which requires credit rating agencies to disclose unsupported ratings without factoring in the explicit credit enhancement (CE) and supported rating after factoring in the explicit CE.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings



Dr Devendra Pant
Senior Director

Annexure: Facilities Breakup

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (in INR billion)	Rating/Outlook
NCDs Series I	INE0M2307016	14 June 2022	9.62	31 May 2023	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307024	14 June 2022	9.62	31 May 2024	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307032	14 June 2022	9.62	30 May 2025	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307040	14 June 2022	9.62	29 May 2026	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307057	14 June 2022	9.62	31 May 2027	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307065	14 June 2022	9.62	31 May 2028	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307073	14 June 2022	9.62	31 May 2029	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307081	14 June 2022	9.62	31 May 2030	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307099	14 June 2022	9.62	30 May 2031	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307107	14 June 2022	9.62	31 May 2032	8.31	IND AA(CE)/Stable
Proposed NCDs	-	-	-	-	36.95	Provisional
						IND AA(CE)/Stable
Total					120	

AKant

Press Release

Andhra Pradesh State Beverages Corporation Limited

June 17, 2022



Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	3695.00	Provisional ACUITE AA+ CE Stable Reaffirmed	-
Non Convertible Debentures (NCD)	8305.00	ACUITE AA+ CE Stable Assigned Provisional To Final	-
Total Outstanding Quantum (Rs. Cr)	12000.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has converted its long-term rating to '**ACUITE AA+ (CE)**' (read as ACUITE Double A plus (Credit Enhancement)) from 'Provisional ACUITE AA+ (CE)' (read as Provisional ACUITE Double A plus (Credit Enhancement)) on the Rs. 8305 Cr. proposed NCD Facility of 'Andhra Pradesh State Beverage Corporation Limited (APSBCL)'. The outlook is '**Stable**'.

The rating on the Rs. 3695 Cr. proposed NCDs continues to remain 'Provisional ACUITE AA+ (CE)' (read as ACUITE Double A plus (Credit Enhancement)).

The final rating on the Rs.3695 Cr proposed NCDs is subject to receipt of the following documentation:

1. Final NCD term sheet
2. Executed agreement with debenture trustee and trust deed
3. State government undertaking
4. Any other relevant for the transaction structure

Rationale for the rating assigned

The rating assigned takes into account APSBCL's position as the authorised nodal agency responsible for the distribution of alcohol as well as implementation of specific socio-economic welfare schemes across the state of Andhra Pradesh. The rating also takes into account the strong revenue visibility over the tenure of the NCDs on account of the special margin accorded to APSBCL by the Government of Andhra Pradesh (GoAP) for undertaking the above mentioned functions. Acuite has also considered the strength of the structured payment mechanism which involves the creation of a pre-funded two-quarter Debt Service Reserve Account (DSRA) and the presence of a trigger mechanism before the debt servicing dates. Given the current distribution and pricing structure of alcoholic beverages in the state along with the proposed cash pooling mechanism, Acuite expects APSBCL to service the rated debt in an adequate manner from its internal cash flows. In order to mitigate the risks of any change in the alcohol policy of the state, GoAP has given an undertaking confirming no such policy revisions that will reduce the debt service coverage ratio (DSCR) of APSBCL below 1.50 times throughout the tenure of the debentures; such an undertaking is also supported by

an irrevocable and unconditional State Government Guarantee. Nevertheless, if such an unexpected scenario is to materialize, APSBCL's ability to service debt will have direct linkages with the credit quality and the fiscal position of GoAP, which therefore, would remain a key rating sensitivity.

About the Company

APSBCL was incorporated in August 2015 at Vijaywada to carry on the business of wholesale and retail trade in alcohol, and all other alcohol/spirits (suitable for industrial use) on behalf of the GoAP. The business activity of the corporation commenced from May 2016. The corporation was granted exclusive privilege of retailing liquor in AP effective from October 2019. It is now the sole liquor distribution agent for the GoAP and carries out its operations through 29 wholesale depots and 2,934 retail outlets and licensed private restaurants and bars spread across 13 districts of the state. The GoAP amended the AP (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act 1993, in December 2021, to provide statutory status to APSBCL to undertake implementation of welfare programmes, entrusted to it by the state government. The principal roles and objectives of the corporation are: 1) The principal objectives of the corporation are: 1) the monopoly in liquor and 2) to implement welfare programmes entrusted to the corporation by GoAP from time to time in addition to the identified three schemes – YSR Cheyutha, YSR Asara and Jagananna Amma Vodi. Mr D.Vasudeva Reddy is the Managing Director of the Company.

Standalone (Unsupported) Rating

ACUITE A+ (including notchup for the expectation of support from GoAP)

Analytical Approach

Acuite has considered the standalone financial and business risk profile of APSBCL which takes into account the entity's position as a fully owned nodal agency of GoAP for distribution of liquor and implementation of certain welfare schemes. Credit enhancement (CE) has been provided on the basis of the structured payment mechanism which involves pooling of net revenues, transfer of a specific share to the bond service account, presence of pre-funded DSRA and also a state government undertaking backed by a guarantee that ensures the maintenance of a minimum DSCR of 1.5 times.

Key Rating Drivers

Strengths

Strong revenue visibility over the tenure of the NCDs

APSBCL was incorporated in 2015 and since 2016 was involved in supporting liquor distribution across the state of Andhra Pradesh which was then a responsibility of the excise department. For this, it used a small percentage of sales as commission. However, in October 2019 GoAP made APSBCL the sole distributor (retail and wholesale) of liquor in the state which it undertook through a network of 13 depots and 2934 restaurant, bars and retailers. Further, since November 2021 by amending the AP (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act 1993 GoAP entrusted additional responsibility of implementation of its socio-economic welfare schemes and the proceeds raised through the rated NCDs will also be used towards the same. For this GoAP, introduced the concept of special margin which is calculated as a percentage of total sale proceeds from liquor sale across the state. This special margin will generate stable operating income for APSBCL and will be used to cover its overhead as well as its repayment obligations. As per the terms of the proposed NCDs, GoAP is also expected extend an irrevocable undertaking stating that no changes will be made to the liquor distribution policy and special margin will not be reduced to level where the DSCR will go below 1.5 times through the tenure of the NCDs. Further, the revenue from liquor distribution (wholesale + retailers) across the state has remained stable for the three year period ended FY2022. It stood at Rs. 22,748 Cr. in FY2022 against Rs. 20,189 Cr. in FY2021 and Rs. 20,909 Cr. in FY2020. Since its introduction on 12 November 2021 special margin collection stood at Rs. 2600 Cr. till March 31, 2022. Acuite expects APSBCL's revenue to record a steady growth over the medium term on account of it being the sole distributor of

liquor across the state.

Strength of the structured payment mechanism and other key terms of the NCD issue

Sale proceeds from each outlets will be deposited on a daily basis in a suspense account with State Bank of India. Out of this net revenue (which includes Basic price, all margins/commissions and special margin) will be transferred to the Net Revenue Receipt Account (NRRRA) of issuer (APSBCL) based on corresponding challans. Withdrawals out of NRRRA will only be allowed after first prioritizing the payments toward bond servicing. 1.67 percent of the total repayment obligations for the particular quarter will be transferred on a daily basis into Bond Servicing Account (BSA) from the first day of the quarter. The transfers during a particular quarter on the above mode will continue till the full build-up of the servicing requirement for that particular quarter is achieved in the APSBCL BSA. In the event of full built up of servicing amount not being achieved in any quarter for whatsoever reason 15 days prior to the relevant servicing date (T-15), the debenture trustee should inform the issuer through written communication to fund the shortfall within the next 12 days. On T-2nd day, if the shortfall still persists, then Debenture Trustee would meet such shortfall by transferring funds from the DSRA account and make the necessary payments to the debenture holders on the due date. An amount equivalent to the servicing obligation (Principal & Interest) of the outstanding bonds for next two quarters would need to be created and maintained by the APSBCL in the Debt Servie Reserve Account (DSRA) till the final redemption of the bonds. The DSRA amount would need to be deposited at least 1 day prior to the date of allotment of the bonds. The debenture trustees would have a default escrow right on the funds available in the NRRRA. In the event any impairment of DSRA on account of meeting servicing obligation on any bond servicing date - The Debenture Trustee would immediately trigger the default escrow mechanism on the NRRRA and immediately transfer the balance lying there-in to the DSRA Account, any further accrual to the said account would also get transferred on a daily basis until the DSRA amount is fully replenished. Acuite believes the structured payment mechanism along with other key features of the issue allows adequate liquidity and protection against inadequacy of the funds on the bond servicing date and any significant change in the same would be a key rating sensitivity.

Weaknesses

Susceptibility to changes in GoAP liquor policies and reduction in alcohol consumption

GoAP has made APSBCL to the sole distributor through changes in the AP (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act 1993. APSBCL's operating income is highly susceptible to any changes to the liquor distribution of policy. GoAP is expected to extend an irrevocable Guarantee and Undertaking which will ensure no changes to the liquor distribution policies and the reduction in special margin, if any will be only to the extent the DSCR on the rated debt remains above 1.5 times at all times. This undertaking mitigates the risk of susceptibility to the changes in GoAP policies. However, GoAP has been trying to reduce alcohol consumption in a phased manner since 2019 and has even reduced the number of restaurants, bars and liquor shops to 2900 in May 2022 from around 4000 earlier. Any continued reduction in shops will adversely impact APSBCL's revenues and will remain a key rating monitorable. While there is a potential risk of a prohibition by future governments, the unconditional and irrevocable undertaking by the GoAP under the transaction structure addresses such a political risk.

Linkages to fiscal position of State of AP

The current state of Andhra Pradesh was created in 2014-15 following the bifurcation of the original state into the former and Telengana. The reorganisation led to the conversion of the state into an economy where the share of agriculture was significant. While the pandemic had resulted in a negative 2.6% GSDP growth in FY2021, it is estimated to have witnessed a significant recovery in FY2022(RE). However, the fiscal position of the state has remained under strain with a major shortfall in revenue receipts in FY2022(RE) as compared to the budgeted figures, leading to a revenue deficit of 1.6% of GSDP. The fiscal deficit was, however, lower at 3.2% (RE) of GSDP than the BE of 3.5%, on account of higher than expected

nominal GSDP. For FY23, the government has pegged the fiscal deficit higher at 3.6% (BE). The aggregate borrowings of the state stands at Rs 3.91 Lakh Cr as per FY2022 (RE) as against Rs 3.51 Lakh Cr (FY21 Actuals) Any further adverse changes in the fiscal indicators of GoAP due to factors such as prolonged slowdown in industrial activities or socio-economic challenges faced by AP can have a significant impact on APSBCL and will be a key monitoring factor.

Rating Sensitivities

Any material changes in GoAP's liquor distribution policy
Any deterioration in GoAP's fiscal position
Any non-adherence to the stipulated structured payment mechanism

Material covenants

DSCR will have to be maintained at or above 1.50 through out the tenure of the NCD
DSRA equivalent to two quarters of repayment obligations to be maintained

Liquidity Position: Strong

Acuite expects APSBCL's liquidity position to remain given the strong structural features of the payment mechanism like daily transfer of pledged revenue on first priority, pre-funded DSRA equivalent to two quarters of the bond servicing obligation and commitment from GoAP to ensure a minimum DSCR of 1.5 times throughout the tenure of the instrument.

Outlook: Stable

APSBCL is expected to maintain a 'Stable' outlook as it is the sole distributor of liquor in the state of AP and would also play an important role in implementation of welfare schemes of GoAP. The outlook may be revised to 'Positive' in case of than expected cash flow generation from liquor distribution and healthy profitability in the entity. The outlook may revised to 'Negative' in case of any adverse change in the liquor distribution and tax policy of the GoAP impacting the liquidity of APSBCL.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	18075.55	9000.99
PAT	Rs. Cr.	(4.30)	3.74
PAT Margin	(%)	(0.02)	0.04
Total Debt/Tangible Net Worth	Times	32.52	21.12
PBDIT/Interest	Times	1.02	2.18

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Part 1. Supplementary disclosures for Provisional Ratings

A. Risks associated with the provisional nature of the credit rating 1. Absence of any structured payment mechanism. 2. In case there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued) Acuite will withdraw the existing provisional rating and concurrently, assign a fresh final rating in the same press release, basis the revised terms of the transaction.

B. Rating that would have been assigned in absence of the pending steps/ documentation The rating would be equated to the standalone rating of the entity: ACUITE A+ / Stable

C. Timeline for conversion to Final Rating for a debt instrument proposed to be issued

The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 May 2022	Proposed Non Convertible Debentures	Long Term	2000.00	ACUITE Provisional AA+ (CE) Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	10000.00	ACUITE Provisional AA+ (CE) Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Not Applicable	INE0M2307016	Non-Covertible Debentures (NCD)	14-06-2022	9.62	31-05-2023	830.50	ACUITE AA+ CE Stable Assigned Provisional To Final
Not Applicable	INE0M2307024	Non-Covertible Debentures (NCD)	14-06-2022	9.62	31-05-2024	830.50	ACUITE AA+ CE Stable Assigned Provisional To Final
Not Applicable	INE0M2307032	Non-Covertible Debentures (NCD)	14-06-2022	9.62	30-05-2025	830.50	ACUITE AA+ CE Stable Assigned Provisional To Final
Not Applicable	INE0M2307040	Non-Covertible Debentures (NCD)	14-06-2022	9.62	29-05-2026	830.50	ACUITE AA+ CE Stable Assigned Provisional To Final
Not Applicable	INE0M2307057	Non-Covertible Debentures (NCD)	14-06-2022	9.62	31-05-2027	830.50	ACUITE AA+ CE Stable Assigned Provisional To Final
Not Applicable	INE0M2307065	Non-Covertible Debentures (NCD)	14-06-2022	9.62	31-05-2028	830.50	ACUITE AA+ CE Stable Assigned Provisional To Final
Not Applicable	INE0M2307073	Non-Covertible Debentures (NCD)	14-06-2022	9.62	31-05-2029	830.50	ACUITE AA+ CE Stable Assigned Provisional To Final
Not Applicable	INE0M2307081	Non-Covertible Debentures	14-06-2022	9.62	31-05-2030	830.50	ACUITE AA+ CE Stable Assigned

		(NCD)					Provisional To Final
Not Applicable	INE0M2307099	Non- Convertible Debentures (NCD)	14-06-2022	9.62	30-05-2031	830.50	ACUITE AA+ CE Stable Assigned Provisional To Final
Not Applicable	INE0M2307107	Non- Convertible Debentures (NCD)	14-06-2022	9.62	31-05-2032	830.50	ACUITE AA+ CE Stable Assigned Provisional To Final
Not Applicable	Not Applicable	Proposed Non Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	3695.00	Provisional ACUITE AA+ Stable Reaffirmed

Contacts

Analytical	Rating Desk
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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.

India Ratings Assigns Andhra Pradesh State Beverages Corporation's NCDs Final 'IND AA(CE)'/Stable; Affirms Existing Ratings

Jun 16, 2022 | Public Finance

India Ratings and Research (Ind-Ra) has rated Andhra Pradesh State Beverages Corporation Limited's (APSBCL) NCDs as follows:

Instrument Type	Date of issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
^*Non-convertible debentures (NCDs) (Series I)	-	-	-	INR83.05	IND AA(CE)/Stable	Assigned
#*Proposed NCDs				INR36.95	Provisional IND AA(CE)/Stable	Affirmed
Unsupported rating\$	-	-	-	-	IND A/Stable	Affirmed

*Details in Annexure II

^The assignment of the final rating follows the receipt of key executed transaction documents conforming to the information already received by Ind-Ra and the creation of a debt service reserve on 13 June 2022. The final rating is, therefore, the same as the provisional rating assigned on 22 April 2022. The key documents received are deed of guarantee cum undertaking, debenture trust deed, final term sheet, deed of hypothecation, escrow and default escrow account agreements.

#The rating on the proposed NCDs is provisional and pending execution of documents as detailed in Annexure I. The final rating, upon the receipt of executed documents consistent with the draft documents, shall be assigned within 90 days from the date of issuance of the instrument. The provisional rating may be extended by another 90 days, subject to Ind-Ra's policy, if the execution of the documents is pending.

In the absence of the documentation considered while affirming the provisional rating, the agency would have rated the proposed NCDs at 'IND A'.

\$Ind-Ra has assigned an unsupported rating in compliance with the Securities Exchange Board of India's circular dated 13 June 2019, which requires credit rating agencies to disclose unsupported ratings without factoring in the explicit credit enhancement (CE) and supported rating after factoring in the explicit CE.

Analytical Approach: The rating of the proposed NCDs reflect the credit profile of the government of Andhra Pradesh (GoAP), the nature of the pledged revenue, the strength of the structured payment mechanism based on the term sheet, CE and the likely adequate debt service coverage.

The ratings are based on the unrestricted pledged receivables in the form of APSBCL's net revenue (excluding taxes and duties levied by the state government) from liquor sale in Andhra Pradesh (AP). The ratings also factor in the legal and financial strengths of the transaction structure, which will be monitored and controlled by the debenture trustee (DT). The payment mechanism is backed by a bond servicing account and a pre-funded two-quarter debt service reserve account (DSRA), comprising the interest and principal repayment obligation of the ensuing two quarters, throughout the tenor of the bonds. Ind-Ra expects the revenue pledged to adequately provide a minimum cover of 1.3x of debt service payments under the rating case scenario without using reserve funds/DSRA.

To arrive at the CE ratings, Ind-Ra has factored in the strong legal and financial linkages between APSBCL and the GoAP. Ind-Ra takes comfort from the irrevocable, unconditional and continuing pre-default guarantee deed executed by the GoAP, which will remain in force and effect until the entire bonds are fully redeemed. The guarantee is also available to replenish the DSRA, if it is utilised, to meet the debt payment obligations.

Key Rating Drivers

Adequacy of Pledged Revenue: Under the transaction structure, the net revenue comprising the basic price of liquor, APSBCL's retail margin, commissions and special margin will be transferred on every working day to a designated net revenue receipt account of APSBCL. A pre-defined amount from this account will be transferred every working day to APSBCL's bond servicing escrow account on first priority basis. The corporation's revenue from operations increased to INR180.47 billion in FY21 (FY20: INR90 billion; FY19: INR0.84 billion), with retail distribution entirely being handed over to the corporation. The GoAP amended the provisions of Section 4 of the AP (Regulation of Trade in Indian-made Foreign Liquor, Foreign Liquor) Act, 1993, on 26 April, 2022 (deemed effective from 9 November 2021) to enable the corporation to collect the special margin prescribed by the GoAP. The amount of the special margin collected during the course of APSBCL's business constitute own income of the corporation. Ind-Ra expects the revenue from operations to increase in the near- to medium-term, due to the collection of special margin that commenced in November 2021. The corporation's sales revenue was INR183.28 billion during April 2021 to January 2022. The interest servicing and repayment of the bonds will be made from the build-up of operating cash flows, through regular transfers, in the bond servicing escrow account.

Structured Payment Mechanism: Under the structure, APSBCL, from the first day of each servicing quarter, will remit an amount equivalent to 1.67% of the aggregate servicing requirement, on every working day, for the ensuing quarter from its designated net revenue receipt account to APSBCL's bond servicing escrow account. Any shortfall in the required fund transfer on a particular day to the bond servicing escrow account would be cumulated and carried forward to the next day on a rolling basis. The transfers during a particular quarter will continue till the full build-up of the servicing requirement for that particular quarter is achieved in the escrow account. The DT will verify the availability of requisite funds for debt servicing T-15 days before the due date (T). In case of a shortfall, the DT will intimate APSBCL in writing to fund the shortfall within the next 12 days. If the shortfall in the escrow account continues at T-2 days, the DT will trigger the payment mechanism and instruct the bank maintaining DSRA to transfer the shortfall amount from the DSRA to ensure payment is made on the due date.

Transaction Structural Features: The bonds are secured by an exclusive charge on the APSBCL's bond servicing and DSRA accounts in favour of the DT. The DT will have a first charge (on a pari-passu basis) on the designated net revenue receipt account and the receivables or funds lying therein with default escrow right given on the funds available in this account. The default escrow mechanism on this account would be triggered by the DT in the event of DSRA impairment and/or the imposition of a partial/total prohibition on the sale of alcoholic beverages in AP. The funds lying in the net revenue receipt account and any further accruals would first get transferred to meet the shortfall in the DSRA. Once the DSRA is fully replenished, the default escrow mechanism will continue till adequate funds are available in APSBCL's bond servicing account to meet debt servicing requirement for that quarter.

GoAP has extended a guarantee to fund the DSRA shortfall within the specified timeline. Under the guarantee deed, on any payment due date (T), if funds available in DSRA are less than required for the immediate next servicing date (T+90), the DT will issue a shortfall notice to the GoAP and APSBCL on the next business day (T+1) to meet the shortfall within 10 calendar days from the date of issuance of the DSRA shortfall notice. If the irregularity continues beyond the stipulated timeline, the DT shall invoke the government guarantee to the extent of the shortfall in the DSRA by issuing a demand notice to the GoAP. The government shall be required to pay the shortfall amount, forthwith, directly into the DSRA. Ind-Ra will consider the invocation of the guarantee as a negative trigger for the transaction rating.

State Government Undertaking: The GoAP has given an unconditional and irrevocable undertaking, by way of entering into the contractual agreement under the guarantee deed, that it will not change the liquor pricing or existing distribution policy in any manner that would adversely impact APSBCL's revenue collection such that it is not able to maintain a minimum DSCR of 1.5x on its aggregate borrowing throughout the tenure of the bonds. The GoAP shall not amend or discontinue APSBCL's sole monopoly and complete control over the distribution of alcoholic beverages in AP, enabling the collection, ownership and retention of special margin. The GoAP has also given and undertaking it will not impose a total or partial prohibition on the consumption or the sale of alcoholic beverages, save and except for any temporary prohibition imposed due to administrative reasons for a period not exceeding 30 days in selected areas, which collectively contributed to not more than 2% of the total sales revenue of alcoholic beverages during the preceding financial year. If GoAP imposes a prohibition on the sale and consumption of liquor, it will ensure premature redemption of all outstanding bonds

within three months from the date of imposition of prohibition.

Liquidity Indicator – Adequate: APSBCL's liquidity is supported by its accumulated cash and bank balances and operating cash flows. The cash and bank balances stood at INR12.84 billion as on 30 December 2021 (FYE21: INR3.64 billion). The outstanding short-term loan of INR14 billion has been fully repaid and as on 14 June 2022 there is no other debt other than INR83.05 billion NCDs. Ind-Ra expects its liquidity to remain supported, primarily, by way of operating revenue from special margin prescribed by the GoAP on distribution of alcoholic beverages. The two quarter DSRA to be created upfront under the proposed transaction structure lends strength to the rating.

AP's Economic Performance: AP's economic structure is somewhat different from that of the national economy. In FY22, the share of the agricultural sector in the state economy was higher at 31.4% than that of the national economy (15.7%). At 7.6%, the gross state value-added growth of AP over FY16-FY22 averaged higher than the national economic growth (5%), considering Hyderabad, which is a centre of industrial activity, became a part of Telangana following the reorganisation of the erstwhile state of AP. Its gross state domestic product (GSDP) growth averaged 6.6% over FY13-FY21. COVID-19-led disruptions in economic activity resulted in weak GSDP growth of 0.1% in FY21. However, GoAP projects the growth to recover to 11.4% in FY22.

Moderate Fiscal Performance: According to the revised estimate (RE) for FY22, the revenue balance clocked a deficit of 1.6% against the budget estimate (BE) of 0.5% of GSDP. The revenue deficit was higher than the budgeted levels due to a shortfall of INR229.24 billion in the revenue receipts of INR1,771.96 billion in FY22 (BE). The fiscal deficit/GSDP ratio was, however, lower at 3.2% in FY22RE than the BE of 3.5%, due to better-than-budgeted nominal GSDP. For FY23, the state government expects the revenue deficit to be 1.3% and the fiscal deficit to be 3.6% of the GSDP.

Policy and Consumption Risk: As the GoAP is keen on a phased reduction in the consumption of alcohol, the government could hike taxes on alcohol and/or reduce the number of liquor shops in the state. Although the possibility of a prohibition by future governments cannot be ruled out altogether, the unconditional and irrevocable undertaking by the GoAP under the transaction structure mitigates the political risk. Also, the consumer behaviour could change over time, resulting in lower consumption of alcohol, thereby leading to inadequate cash flows for debt payment obligations. A two quarter DSRA and GoAP's payment obligation to replenish DSRA within the stipulated timelines mitigates this risk to some extent.

Unsupported Rating Based on Government Ownership and Control: Ind-Ra has classified APSBCL as a dependent public sector entity under its Rating of Public Sector Entities criteria. The unsupported rating considers the legal status of the entity, the significant control exercised by the GoAP over its policy objective; the composition and functioning of the board. APSBCL is fully owned by the GoAP. The government has enacted necessary orders/amendments to enable the corporation to implement the mandated social welfare schemes and service debt from its own income. The GoAP exercises significant control over the working of APSBCL through its board of directors, which comprises senior state government officials.

Rating Sensitivities

CE rating

Positive: Any improvement in the credit profile of the GoAP will be positive for the ratings.

Negative: The following developments could, individually or collectively, lead to a negative rating action:

- a deterioration in the credit profile of GoAP
- the minimum DSCR falling below 1.3x
- continuous dipping into DSRA for two consecutive quarters
- the invocation of the GoAP guarantee

Unsupported Rating

Positive: Any improvement in the credit profile of the GoAP will be positive for the rating.

Negative: A negative rating action could result, individually or collectively, from

- weakening of linkages with GoAP
- a deterioration in the GoAP's credit profile.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on APSBCL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

Company Profile

APSBCL was incorporated on 12 August 2015 to carry on the business of wholesale and retail trade in alcohol, and all other alcohol/spirits (suitable for industrial use) on behalf of the GoAP. The business activity of the corporation commenced from 23 May 2016. APSBCL is a government company registered under the provisions of the Companies Act, 2013. The corporation was granted exclusive privilege of retailing liquor in AP effective from 1 October 2019. It is the sole liquor distribution agent for the GoAP and carries out its operations through 29 wholesale depots and 2,934 retail outlets and licensed private restaurants and bars spread across districts of the state. The GoAP amended the AP (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act 1993, in December 2021, to provide statutory status to APSBCL to undertake implementation of welfare programmes, entrusted to it by the state government, for "promoting the interests of the members of scheduled castes, scheduled tribes and backward classes". The principal objectives of the corporation are: 1) the monopoly in liquor and 2) to implement welfare programmes entrusted to the corporation by GoAP from time to time in addition to the identified three schemes – YSR Cheyutha, YSR Asara and Jagananna Amma Vodi.

FINANCIAL SUMMARY

APSBCL

Particulars (INR million)	FY20 (Audited)	FY21 (Audited)	9MFY22 (Audited)
Total income	90,028.29	1,81,769.98	162,769.27
EBITDA	135.57	725.70	10,345.77
EBITDA margin (%)	0.15	0.40	6.36
Debt/income (x)	0.11	0.08	0.09
Interest coverage ratio (x)	21.84	0.72	13.70

Source: APSBCL, Ind-Ra

Government of Andhra Pradesh

Parameters as % of GSDP	FY22(RE)	FY23(BE)
Revenue balance	-1.6	-1.3

Fiscal balance	-3.2	-3.6
Total debt	32.5	32.8
Source: GoAP FY23 Budget, Ind-Ra		

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook
	Rating Type	Rated Limits (billion)	Rating	22 April 2022
NCDs	Long-term	INR120	IND AA(CE)/Stable	Provisional IND AA(CE)/Stable
Unsupported rating	Long-term	-	IND A/Stable	IND A/Stable

Annexure

Annexure I

The rating is contingent upon the execution of critical documentation/steps pending as details given below:

Sr. no.	Pending Critical Documentation while Affirming Provisional Rating*	Risks Associated with Provisional Nature of Credit Rating in the Absence of Completed Documentation or Change in Documentation
1	Final term sheet	In the absence of executed documents or the final executed documents deviate from the draft documents submitted at the time of provisional rating, the transaction structure would be weak.
2	Debenture trust deed	
3	Bond servicing escrow account agreement	
4	Creation of DSRA	

5	Deed of hypothecation	In the absence of executed documents or the final executed documents deviate from the draft documents submitted at the time of provisional rating, the transaction structure would be weak.
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*Additionally, any other relevant documents executed for

the transaction should be provided to the agency.

Annexure II

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (in INR billion)	Rating/Outlook
NCDs Series I	INE0M2307016	14 June 2022	9.62	31 May 2023	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307024	14 June 2022	9.62	31 May 2024	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307032	14 June 2022	9.62	30 May 2025	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307040	14 June 2022	9.62	29 May 2026	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307057	14 June 2022	9.62	31 May 2027	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307065	14 June 2022	9.62	31 May 2028	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307073	14 June 2022	9.62	31 May 2029	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307081	14 June 2022	9.62	31 May 2030	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307099	14 June 2022	9.62	30 May 2031	8.31	IND AA(CE)/Stable
NCDs Series I	INE0M2307107	14 June 2022	9.62	31 May 2032	8.31	IND AA(CE)/Stable
Proposed NCDs	-	-	-	-	36.95	Provisional IND AA(CE)/Stable
Total					120	

Covenants (Series I):

The aggregate external liability of APSBCL (including all forms of guarantee obligation and contingent liability) under the permitted indebtedness should at all times be restricted to an amount such that the minimum DSCR of 1.50x is maintained throughout the tenure of all the bonds.

Complexity Level of Instruments

Instrument Type	Complexity Indicator
NCDs Series I	Moderate
Proposed NCDs	Moderate

For details on complexity level of the instruments, please visit www.indiaratings.co.in/complexity-indicators.

Contact

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APPLICABLE CRITERIA

Evaluating Corporate Governance

Local and State Government Rating Criteria

Rating of Public Sector Entities

Revenue-Supported Rating Criteria

Policy on Provisional Ratings

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25945/CL/MUM/22-23/DEB/23/2

Date: November 16,2022

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

1st Floor, Proh. & Excise Complex,
D.No.5-69-55/9A Taluk Office Compound,,
6/1, Brodipet Guntur Krishna AP,
GUNTUR-522002,Andhra Pradesh
India

Kind Attn: Mr. D. Vasudeva Reddy (Managing Director)

Sub: Consent Letter to act as Debenture Trustee for second tranche issue of Secured Listed Debentures aggregating upto Rs. 1000.00 Crores (+ GSO Rs. 2695.00 Crores)

Dear Sir,

This is with reference to our discussion regarding appointment of Beacon Trusteeship Limited as Debenture Trustee for second tranche issue of Secured Listed Debentures aggregating to Rs. 1000.00 Crores (+ GSO Rs. 2695.00 Crores)

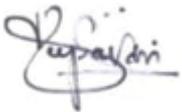
In this regards it would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee. In this connection, we confirm our acceptance to act as Debenture Trustee for the same.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

Looking forward to a long and fruitful association with your esteemed organization.

Yours faithfully
For Beacon Trusteeship Limited

Accepted
For ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED



Deepavali Vankalu
Assistant Vice President
Mumbai,
Authorised Signatory

Authorised Signatory

BEACON TRUSTEESHIP LTD.

Regd & Corporate Office : 4C & D Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra East (E),
Mumbai - 400051

CIN: U74999MH2015PLC271288

Phone : 022-26558759 | Email : contact@beacontrustee.co.in | Website : www.beacontrustee.co.in

REF: - BTL/MD/BONDS/521/MTNL

16.11.2022

The Company Secretary
Andhra Pradesh State Beverages Corporation Limited
1st Floor, Proh. & Excise Complex,
D.No.5-69-55/9A, Taluk Office Compound, 6/1,
Brodipet Guntur-522002, Andhra Pradesh

Sir,

Subject: Proposal to act as Registrar & Transfer Agents for the Proposed issue of Bonds in the nature of Debentures (NCDs) Aggregating Rs.3,695 Cr. in 2nd tranche by APSBCL :-

This has reference to the discussion with you regarding above captioned subject. We herewith enclose our revised quotation to act as Registrar & Transfer Agent (RTA) for your esteemed organization for the above assignments.

Further, in case you have any query in this regard please feel free to contact undersigned.

We assure you of our best efficient professional services.

Thanking you,
For **BEETAL**
Financial & Computer Services Pvt. Ltd.



(Punit Mittal)
General Manager
9810276579

Encl.: - a. a.

BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.

BEETAL HOUSE, 3rd Floor,
99 Madangir, Behind LSC, New Delhi - 110062

T : 011 2996 1281-83
F : 011 2996 1284

beetal@beetalfinancial.com
www.beetalfinancial.com

Registrars & Share Transfer Agent

SEBI Registration Code : INR 000000262

DCS/COMP/PG/IP-PPDI/439/22-23

November 24, 2022

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

1st Floor, Proh. & Excise Complex,
D.No.5-69-55/9A ,Taluk Office Compound,
6/1, Brodipet Guntur, Andhra Pradesh – 522002

Dear Sir,

Re: Private Placement Of Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds Of Face Value Of Rs.10 Lakh Each, For Cash At Par Of Rs.1,000 Crores With Green Shoe Option To Retain Oversubscription Of Upto Rs.2,695 Crores i.e., Aggregating To Rs.3,695 Crores, Under APBCL Bond Series II 2022-23, Comprising Of Ten Subseries Namely 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I' And 'J' With Tenure Ranging From 1 Year To 10 Years, Redeemable In Four Equal Quarterly Installments ("Bonds")("Issue").

We acknowledge receipt of your application on the online portal on November 18, 2022 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.
2. Payment of fees as may be prescribed from time to time.
3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.
4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.
5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time
6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:
<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31>
7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links [Electronic Issuance - Bombay Stock Exchange Limited \(bseindia.com\)](#)
8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the shelf placement memorandum, whichever is applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,

For BSE Limited

Sd/-
Rupal Khandelwal
Assistant General Manager

Sd/-
Raghavendra Bhat
Deputy Manager



INDEPENDENT AUDITOR'S REPORT

To
The Members of
THE ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Report on the Financial Statements:

Qualified Opinion:

We have audited the accompanying financial statements of THE ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our Report, 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 accounting principles generally accepted in India.

- In case of accompanying Balance Sheet, of state of affairs of the Company as at 31st March 2020.
- In case of accompanying Statement of Profit and Loss, of profit of the Company for the year ended on that date and
- In case of accompanying Statement of Cash Flow, of cash flows for the year ended on that date.

Basis for Qualified Opinion:

- Short term loan from Bank of Baroda:** During the year 2019-20, the Corporation has obtained short term loan from Bank of Baroda for an amount of Rs.1400 crores. Of this loan, an amount of Rs.1000 crores is released by the bank on 31-Mar-2020 and is outstanding in the books of Corporation.

The said loan is sanctioned to meet the short term fund requirement of the corporation for supplier payments/ procurement and distribution of liquor. Whereas, no working capital fund requirement is noticed either for the Corporation or for the Commissioner of Prohibition and Excise (CPE) as the business model involved sales on cash basis and purchases on full credit basis with obligation to pay out of sale proceeds collected. This Corporation has remitted the sale proceeds (after deducting its margin) to CPE from time to time and there are no book debts/ receivables on account of this activity either for the Corporation or for the CPE. However, this Corporation has been ordered to pay the backlog supplier payments of CPE by availing a short term loan from Bank of Baroda.

The said loan is secured by hypothecation of book debts and receivables and guarantee of the state government. Nature of book debts stated in hypothecation deed is not in line with business model of Corporation. Charge is registered with ROC for Rs.1400 crores on 31-Mar-2020. However, Security for the loan is essentially non-existent at the time of sanction of loan and the amount availed is disbursed to suppliers on behalf of CPE during FY 2020-21 gradually over the first 3 months.

Outside the original business obligations of the Corporation with CPE, the loan amount has been availed by the Corporation to meet the supplier's backlog payment obligations of CPE. There exists no document between CPE and Corporation in respect of this financial arrangement. Sanction letter does not specify that the loan amount would be utilized by the Corporation for provision as loan to CPE outside the original business terms ordered by the Government and that such loan shall be considered as primary security by the bank.

Head Office : Vaishnavi Plaza (2nd Floor), # 40-6/3-9, Near V. P. Siddhartha Public School, Mogalrajapuram, Vijayawada - 520 010, Andhra Pradesh, INDIA.

Branch Offices : • Tenali • Hyderabad • Narasaraopet



Accrued Interest as on 31-Mar-2020 of Rs.21,61,202/- is accounted as finance cost of the Corporation. In contrary to the management contention that interest cost will be borne by the government which is not supported by any GO or loan agreement, interest cost for current year is treated as expense of the Corporation without recognising the receivable from Govt.

2. **Bank Charges on cash collections:** During the year 2019-20, Corporation has availed services from SBI, Axis bank, ICICI bank, HDFC bank, Airtel payments bank and AP Online for collection & handling of sale proceeds at Retail outlets from 01-Oct-2019. In respect of these services, an amount of Rs.9,54,29,695/- has been recognised as bank charges expense for the year. However, agreements and invoice copies/ correspondences for the bank charges are not provided.

Based on the limited information provided, the bank charges expense for the year is expected to be minimum of Rs.22,05,58,079/- approximately. Further, charges for additional pickup, AP Online collections and POS machines could not be estimated due to lack of sufficient information. Management has not provided any reconciliation for the difference, sufficient information to estimate other charges and it's assessment of the impact of these differences on P&L for the current year.

3. **Outsourcing and Security Expenses:** During the year 2019-20, Corporation has stated an amount of Rs.1,64,40,84,383/- for Outsourcing and Security Expenses under the head 'Other Expenses'. However, the outsourcing and security cost for retail outlets, which is re-computed based on the information provided by management, is found to be different from actual cost accounted by the Corporation. As per the recomputed figures, outsourcing and security cost is estimated to be Rs.1,65,74,22,422/- and the difference of Rs.1,33,38,040/- remain unreconciled.

4. **Rent for retail outlets:** During the year 2019-20, Corporation has stated an amount of Rs.44,10,39,752/- as Rent for retail outlets under 'Other Expenses'. However, the rent cost for retail outlets, which is re-computed based on the shipment report and information provided by depots, is found to be different from actual cost accounted by the Corporation.

As per the recomputed figures, rent cost for retail outlets is estimated to be overstated by Rs.96,23,152/- in 16 depots and understated by Rs.1,15,46,852/- in 9 depots. Sufficient information for estimated understatement/ overstatement is not available in respect of 3 depots.

There are 59 retail outlets for which rent is paid by depots but no shipment transport for those depots is logged in C-Tel web-based software of Excise department. Also, there are 8 retail outlets for which shipment transport is logged in C-Tel web-based software but no rent expense is accounted by depots. In addition to this, there are multiple discrepancies between shipment report and rent expense ledger such as payment of rent for few retail outlets for less than 6 months but shipment movement logged from Oct 2019 itself.

Further, before opening of retail trade from Oct 2019, an amount of Rs 64,40,039/- is stated to have paid for Sep 2019 for Retail outlets opened in Phase-I for which sufficient and appropriate information is not available. The impact of the above stated differences on the current year financial statements is not available.

5. **Transportation charges:** During the year 2019-20, Corporation has stated an amount of Rs.32,52,17,395/- as transportation charges under 'Other Expenses', which includes Rs.32,46,74,222/- incurred for transport of liquor from depots to retail outlets.



However, the cost for liquor transport, which is re-computed based on the stock shipment report generated from C-Tel web software of Excise Department and based on the retail outlet distances and respective slab rates provided by all depots, is found to be different from the actual cost accounted by the Corporation.

As per the recomputed figures, liquor transport cost is estimated to be overstated by Rs.2,38,66,925/- in 20 depots and understated by Rs.2,10,80,824/- in 8 depots. Management states that the basis for computation followed is in line with the depot practices but the differences remain unreconciled.

Further, on sample verification of transport payments at depots, certain differences are noticed between the number of cases considered for payment by depot and number of cases shipped as per web-based software. Hence, we are unable to comment on the impact of these differences in the financial statements for the current year.

6. **Post-Employment Benefits:**As per the accounting standard on employee benefits (AS-15), the Corporation is required to account for its liability towards post-employment benefits (viz. Gratuity, leave encashment and GIS in lieu of EDLI) as per the actuarial valuations and make certain disclosures in its financial statements. However, the Corporation stated that due to non-availability of actuarial valuation report as on 31-Mar-2020, appropriate adjustments and disclosures required under AS are not made.

Accordingly, due to lack of detailed information and actuarial reports as per AS-15 as on 31-Mar-2020 for gratuity, leave encashment and GIS, we are unable to express our opinion on the correctness of employee benefit expense recognised in Profit & Loss A/c, the net defined benefit asset/ liability to be recognised in the balance sheet and disclosures to be made.

Disclosures relating to employee benefits as per AS-15 are not made by the Corporation in its financial statements.

Further, Corporation is not assessing its present value obligation for gratuity in respect of certain employees who are not covered under the group master policy and recognising the entire cost at the time of retirement of concerned employee. Due to lack of management assessment and actuarial valuation, we are unable to comment on the understatement of employee benefit expense and outstanding liability to be recognised and disclosed in the financial statements.

Also, the Corporation is making payment for retirement benefits of deputed employees to the full service period instead of restricting its obligation to the extent of service period for which the concerned employee has worked on deputation in this Corporation. Further, no explanation is provided for liability of this Corporation in respect of subsequent revaluation of past service cost such as increase due to last drawn salary etc of deputed employees.

7. **Short term compensated absences:**As per AS-15, an enterprise should recognize the expected cost of short-term employee benefits in the form of compensated absences in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences.

However, the Corporation has been accounting the encashment of surrender leave as and when the un-availed leaves are surrendered by the employee and payment is made by corporation.



8. **Service Tax and GST Liability:** From the year 2016-17 onwards, the Corporation has not paid the service tax and GST on the remuneration received from Government of Andhra Pradesh aggregating to Rs.30,81,10,295/- till FY 2018-19 based on the oral opinion of the tax consultant. It has filed an application for advance ruling under the Service Tax authority and estimated the outcome as against the Corporation and hence, recognised the tax amount as provision in the books till FY 2018-19.

However, for the FY 2019-20, corporation has reassessed it's liability for GST based on the opinion issued by a GST Consultant appointed by the management and resolved to not make any liability for GST in the books. However, the existing provision for GST liability of Rs.30,81,10,295/-, existing input GST credit of Rs.39,19,862/- and related deferred tax asset of Rs 8,97,21,718/- due to unpaid GST liability as on 31-Mar-2019 has not been reversed in the FY 2019-20.

In view of the possible implications involved in the management assessment of no GST liability for the Corporation and significant uncertainty identified in the outcome of the legal notice received by the Corporation in this regard, we are unable to express our opinion on the correctness of the accounting treatment followed by the Corporation.

9. **Advance to Excise Department:** Corporation has incurred expenses on behalf of Excise Department for which reimbursement is stated to be have been claimed and an amount of Rs.7,49,10,759/- is shown under 'Short term loans and advances' as at 31-Mar-2020 (previous year: Rs.6,27,05,665/-). However, guidelines for reimbursement of such expenses, sanction for claims by the excise department and present status for receipt of claims submitted are not provided. Hence, we are unable to comment on the correctness of the amount receivable and provision to be made, if any, in the financial statements.

10. **Advance to Retail Outlets:** During the year 2019-20, Corporation has issued advances of Rs.4,88,70,233/- to retail outlets for meeting operational expenses, against which utilisation is accounted for Rs.2,93,23,263/- only and balance of Rs.1,95,46,970/- is shown under 'Short term loans and advances' as at 31-Mar-2020. However, guidelines for issue and adjustment of such advances, sanction orders, utilisation certificates/ adjustment notes/ bills, present status of unadjusted balances and balance confirmations for unspent balances are not provided. Hence, we are unable to comment on the correctness of the amount receivable and expenditure to be accounted, if any, for amounts already utilised but included in unspent balance as at the year-end.

11. **Cash at secretariats – short/ excess remittance:** Corporation has stated an amount of Rs.5,25,27,455/- under 'Cash & Cash Equivalents' towards sale proceeds at retail outlets remaining undeposited to Head Office. However, no physical verification of cash on hand and cash registers at retail outlets is made by the management to verify the correctness of the cash on hand as at the year-end.

Further, corporation has included an amount of Rs.7,42,66,305/- as 'other payables' under the head 'Other current liabilities' as at the year-end towards excess deposits made by retail outlets to Head Office. Management has stated that these amounts are adjusted towards collections due for remittance in the next year. Due to lack of adequate information, we are unable to comment on the correctness of the same.



12. **TDS under Income Tax – payable and receivable:** Corporation has stated an amount of Rs.1,13,16,921/- under 'Other Current Liabilities' towards statutory dues for TDS deducted under Income Tax Act. However, as per income tax challan registers provided for FY 2019-20, challans aggregating for Rs.95,29,082/- only are paid after 31-Mar-2020. The difference remains unreconciled by the management and hence, the impact of this difference on the financial statements is not ascertainable.

Further, Corporation has stated an amount of Rs.8,54,82,951/- as TDS receivable on remuneration from Govt. of Andhra Pradesh under 'Other Current Assets' which includes Rs.66,13,861/- relating to previous years. This amount pertaining to previous years is not reflected in Form-26AS of the Corporation for adjustment against the tax liability. Management has stated that tax has been remitted by CPE but yet to be credited in Form-26AS. Impact of this difference is not ascertainable.

13. **Unreconciled Balances:** Following balances are forming part of assets and liabilities as at 31-Mar-2020, but remaining unreconciled/ not having details of outstanding items:

- Asset – Long Term Loans and Advances – Deposits – Rs 15,85,42,362/-
- Asset – Short Term Loans and Advances – Advance to Capital Expenditure – Rs.15,00,000/-
- Asset – Other Current Assets – Other Recoverable – Rs.1,65,57,238/-
- Liability – Other Current Liabilities – EMD/ SD payables – Rs.9,48,966/-
- Liability – Other Current Liabilities – Other payables – Rs.1,44,26,869/-

Also, the correctness of management classification of assets and liabilities into current and non-current could not be verified due to lack of adequate information.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other Matters:

- CSR Expenses:** The Corporation has not constituted the Corporate Social Responsibility (CSR) committee as applicable under section 135 of the Companies Act and has not spent any amount towards CSR purposes. The amount to be spend for CSR purposes as per the Act in the FY 2017-18, FY 2018-19 and FY 2019-20 are Rs.14,52,015/-, Rs.24,72,179/- and Rs.42,66,117/- respectively.
- Sanctioned Manpower Strength:** The Corporation has employed the excess manpower (both on regular and outsourcing basis) over the staffing pattern sanctioned by the Government of Andhra Pradesh vide GO MS No 80 dated 17-May-2016. However, no approval is obtained from the government. The average number of excess staff employed on regular basis is 141 members with annual payments (excluding arrear salaries, statutory contributions and leave encashment etc) amounting to Rs.525.87 lakhs approximately.



3. **Policies and Controls:**The Corporation has not conducted the competitive tender process for hiring of private vehicles and procurement of fixed assets. There exists no procurement policy or guidelines and financial powers delegation in the Corporation. Also, there exists no standard accounting manual, training practices and budgeting policy in the Corporation. Keeping in view of the size and nature of business, the Corporation shall strengthen the existing internal control and financial reporting system.
4. **Expenses incurred as agent:**As per GO MS No. 98 dt. 10-Mar-2016, Corporation acts as Agent, who was entrusted the wholesale and retail trade of Spirits, IMFL, FL and Beer retail A4 outlets in the State of Andhra Pradesh, for which remuneration of 0.5% on sales is being paid by the Govt. of AP.
- However, during the year 2019-20, an amount of Rs.4,24,60,482/- (Previous year: Rs.4,42,46,904/-) was paid by the Corporation towards Rent on IMFL Depots and an amount of Rs.22,49,141/- (Previous year: Rs.32,15,195/-) was paid by the Corporation towards Repairs and Maintenance of Buildings and Electrical Assets. As per the Management Representation, such expenditure shall be borne by Corporation out of the Remuneration received from Government of AP. We have relied on the representation and have not qualified our opinion in this regard.
5. **Unadopted Previous Year Figures:**CAG supplementary audit report for the previous year 2018-19 is yet to be received by the Corporation and hence, the financial statements together with independent auditors report and CAG supplementary audit report of the corporation for the previous year 2018-19 is yet to be adopted by the members in AGM. Comparative figures for previous year 2018-19 which are provided in the current year financial statements are unadopted.
6. **Branch Audit:**The financial statements includes assets, liabilities, incomes and expenses of 28 depots across the state of Andhra Pradesh which are subjected to audit along with Head Office and have not been separately audited by any other auditor.

Management's Responsibility for the Financial Statements:

The Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and changes in the cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, and other accounting principles generally accepted in India. 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.

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

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



Auditor's Responsibility for the Audit of Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act 2013, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the said order.
2. As required under Section 143(5) of the Companies Act 2013, we give in "**Annexure B**" a statement on the directions issued by the Comptroller and Auditor General of India, action taken thereon and the impact on the accounts and financial statements of the Company.
3. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought, except for the effects/ possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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 accounts 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, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the books of accounts.
 - d) Except for the effects/ possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) Being a Government Company, pursuant to Notification No.GSR463(E) dated 15-Jun-2015 issued by Government of India, Provisions of clause (g) of sub-section (3) of section 143 of the Companies Act 2013 are not applicable to the Company.
 - 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**". Our report expresses disclaimer of opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. In our opinion and as per the information and explanations provided to us, the Company did not have any long term contracts, requiring provisions under applicable laws or accounting standards, for material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to 'Investor Education and Protection Fund' by the company.



- iv. The disclosures regarding details of specified bank notes held and transacted during 8th November 2016 to 30th December 2016 have not been made since the requirement does not pertain to financial year ended 31st March 2020.



Place: Vijayawada

Date: 31-Dec-2021

UDIN : 21244506AAAA CC9616

For M.N.Rao & Associates
Chartered Accountants
Firm Reg. No: 005386S

Phaneesh
(M. Phaneesh Reddy)
Partner

Membership No.: 244506

Enclosed: Annexure A, B and C to the Audit Report

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

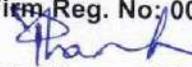
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of 'The Andhra Pradesh State Beverages Corporation Limited' for the year ended 31st March 2020)

- i. In respect of the Company's fixed assets:
 - a) As per the information and explanations provided to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, reconciliation of fixed asset registers with information furnished in Note 7 is not made.
 - b) As explained to us, there is regular programme drawn for the purpose of conducting physical verification of the fixed assets in a phased manner including assigning the said function in the scope of internal audit. However, sufficient information is not provided to express our opinion on reasonableness of this program having regard to the size of the Company and nature of its assets.
 - c) As the Company doesn't have any immovable properties and hence reporting under clause 3(i)(c) of order is not applicable to company.
- ii. The Company does not have any inventory and hence reporting under clause 3(ii) of the order is not applicable to company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. According to the information and explanations given to us, the Company has not given any loans, investments, guarantees and security covered under the provisions of Sections 185 and 186 of the Act. Accordingly, clause (iv) of para 3 of the Order is not applicable to the Company.
- v. The Company has not accepted any deposits from the public.
- vi. The provisions relating to maintenance of cost records under section 148(1) of the Companies Act, 2013 are not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b) Subject to our observation stated in para 8 and 12 of 'Basis for Qualified Opinion' section of our Independent Auditors Report, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.



- c) There are no disputed statutory dues as at 31st March 2020 including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions and government.
- ix. During the year, the Company has borrowed Rs.1400 crores as line of credit by way of short term loan from Bank of Baroda of which Rs.1000 crores only is disbursed as on 31-Mar-2020. Our opinion on the end use of this borrowing is stated at para 1 of 'Basis for Qualified Opinion' section of the Independent Auditors Report. Further, the Company did not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. As per Notification No. G.S.R. 463(E) dated 05-Jun-2015 issued by the Ministry of Corporate Affairs, Government of India, section 197 of the Act is not applicable to the Government Companies. Accordingly provisions of clause 3 (xi) of the Order are not applicable to this Company.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.



For M.N.Rao & Associates
Chartered Accountants
Firm Reg. No: 005386S

(M. Phaneesh Reddy)
Partner
Membership No.: 244506

Place : Vijayawada
Date : 31-Dec-2021
UDIN : 21244506AAACC9616

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Andhra Pradesh State Beverages Corporation Limited for the year ended 31st March 2020)

Report on the Directions issued by the Comptroller and Auditor General of India:

1. Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Auditor's Reply: As informed by the management, all the accounting transactions at head office and depots are recorded in Tally.ERP 9 (after processing). However, there exists no documentation with regard to any process or procedures and management has not performed any evaluation or assessment of the adequacy and effectiveness of the internal financial controls as per guidance note of ICAI in this regard.

2. Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the Company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

Auditor's Reply: As informed by the Management and to the extent of our verification of records, there are no cases of restructuring of an existing loan or cases of waiver, write off of debts/ loans/ interest etc. made by the lender to the Company during the year 2019-20.

3. Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilised as per its term and conditions? List the cases of deviation.

Auditor's Reply: As informed by the Management and to the extent of our verification of records, there exist no such funds to be receivable/ received for specific schemes from central/ state agencies.

Place : Vijayawada

Date : 31-Dec-2021

UDIN : 21244506AAAACC9616



For M.N.Rao & Associates

Chartered Accountants

Firm Reg. No: 005386S

Phaneesh
(M. Phaneesh Reddy)

Partner

Membership No.: 244506

ANNEXURE "C" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Andhra Pradesh State Beverages Corporation Limited for the year ended 31st March 2020)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of THE ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED ("the Company") as of 31st March 2020 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 Management of the Company 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 issued by the Institute of Chartered Accountants of India. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility:

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting of the Company.

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 authorisations of management and directors of the company; and



- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion:

According to the information and explanations given to us, the Company has not established its internal financial controls system over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March 2020.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our standalone financial statements of the company and the disclaimer does not affect our opinion on the standalone financial statements of the company.



For M.N.Rao & Associates
Chartered Accountants
Firm Reg. No: 005386S
Phaneesh
(M. Phaneesh Reddy)
Partner
Membership No.: 244506

Place : Vijayawada

Date : 31-Dec-2021

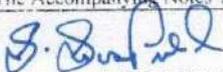
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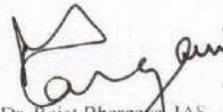
ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Balance Sheet as at 31st March 2020

(Amount in Rupees)

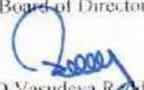
Particulars		Note No.	As at 31st Mar 2020		As at 31st Mar 2019	
I. EQUITY AND LIABILITIES						
1 Shareholders' funds						
(a)	Share capital	2	5,00,000		5,00,000	
(b)	Reserves and surplus	3	47,30,30,682	47,35,30,682	43,56,35,412	43,61,35,412
2 Share Application Money Pending Allotment				0		0
3 Non-current liabilities						
(a)	Long-term borrowings		0		0	
(b)	Deferred tax liabilities (Net)		0		0	
(c)	Long-term provisions		0		0	
				0		0
4 Current liabilities						
(a)	Short-term borrowings	4	10,00,00,00,000		0	
(b)	Trade payables		0		0	
(c)	Other current liabilities	5	8,03,76,78,769		3,12,46,316	
(d)	Short-term provisions	6	36,58,08,682		47,71,94,995	
				18,40,34,87,451		50,84,41,511
TOTAL				18,87,70,18,133		94,45,76,723
II. ASSETS						
1 Non-current assets						
(a)	Property Plant and Equipments				1,28,60,540	
(i)	Tangible assets	7	23,19,13,087		0	
(ii)	Intangible assets		0		0	
(iii)	Capital work-in-progress		0		0	
(b)	Non-current investments		0		0	
(c)	Long-term loans and advances	8	15,85,42,362		50,81,259	
(d)	Deferred tax assets	9	9,47,67,056		9,07,50,310	
(e)	Other non-current assets		0		0	
				48,52,22,505		10,86,92,107
2 Current assets						
(a)	Current investments		0		0	
(b)	Inventories		0		0	
(c)	Trade receivables	10	57,64,39,412		33,08,76,254	
(d)	Cash and cash equivalents	11	17,59,50,19,674		32,89,86,312	
(e)	Short-term loans and advances	12	9,77,77,300		6,46,62,941	
(f)	Other current assets	13	12,25,59,240		11,13,58,827	
				18,39,17,95,625		83,58,24,614
TOTAL				18,87,70,18,133		94,45,76,723

The Accompanying Notes 1 to 30 are integral part of the Financial Statement.


S. Siva Prasad, DGM (F&A) (FAC)


Dr. Rajat Bhargava, IAS
Chairman
DIN: 08529091

On behalf of the Board of Directors

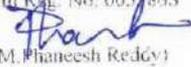

D. Vasudeva Reddy, IRTS
Managing Director
DIN: 08838-08

Place: Vijayawada
Date: 31-Dec-20



As per our report of even date attached for M.N. RAO & ASSOCIATES

Chartered Accountants
Firm Reg. No: 005786S


(M. Phaneesh Reddy)

Partner
Membership No: 244506

UDIN:

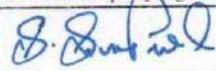
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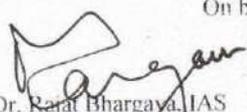
ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Statement of Profit and Loss for the year ended 31st March 2020

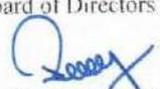
(Amount in Rupees)

Particulars	Note No.	For the year ended 31st Mar 2020	For the year ended 31st Mar 2019
I. Revenue from operations	14	89,99,97,93,672	83,93,79,277
II. Other income	15	2,84,92,230	1,24,75,886
III. Total Revenue (I + II)		90,02,82,85,902	85,18,55,163
IV. Expenses:			
Cost of materials consumed		0	0
Purchases of Stock-in-Trade	16	86,45,71,15,276	0
Changes in inventories of Finished Goods, WIP & Stock-in-trade		0	0
Employee benefit expenses	17	31,77,48,872	31,42,75,726
Finance Cost	18	62,07,854	67,91,942
Depreciation	7	7,66,06,944	48,86,710
Other expenses	19	3,11,78,48,392	26,36,84,257
Total expenses		89,97,55,27,338	58,96,38,635
V. Profit before exceptional Items and tax (III-IV)		5,27,58,564	26,22,16,528
VI. Exceptional item		-	0
VII. Profit before tax (V- VI)		5,27,58,564	26,22,16,528
VIII Tax expense:			
Current tax - relating to current period		1,93,80,040	11,61,20,738
Current tax - relating to prior period		-	5,33,94,097
Deferred tax - relating to current period		(40,16,746)	(3,82,94,750)
Deferred tax - relating to prior period		-	(5,19,68,625)
IX Profit for the year (VII-VIII)		3,73,95,270	18,29,65,067
X Earnings per equity share:			
Weighted average number of Equity Shares outstanding during the year		500	500
Basic & diluted earnings per share, including exceptional item (in Rs.)		74,790.54	3,65,930.13
Basic & diluted earnings per share, excluding exceptional item (in Rs.)		74,790.54	3,65,930.13
Nominal value per share (in Rs.)		1,000	1,000

The Accompanying Notes 1 to 30 are integral part of the Financial Statement


S.Siva Prasad, DGM (F&A) (FAC)

On behalf of the Board of Directors

Dr. Rajat Bhargava, IAS
Chairman
DIN: 08529091

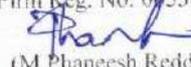
On behalf of the Board of Directors

D.Vasudeva Reddy, IRTS
Managing Director
DIN: 08838008

Place: Vijayawada
Date: 31-Dec-2020



As per our report of even date attached for M.N.RAO & ASSOCIATES

Chartered Accountants
Firm Reg. No: 005386S


(M.Phaneesh Reddy)

Partner
Membership No: 244506



UDIN: 21244506AAAACC9616

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Cash Flow statement for the Year ended on 31st March 2020

Particulars	Current Year 2019-20		Previous Year 2018-19	
	Rs.		Rs.	
A) Cash flow arising from Operating Activities				
Net Profit before tax as per Profit and Loss Account		5,27,58,564		26,22,16,528
Add/(Less):				
Interest Income	(1,83,53,414)		(1,24,67,164)	
Depreciation	7,66,06,944		48,86,710	
Adjustment of Non Cash items				
- Provision for GST & Service Tax	-		12,79,16,665	
- Write off of Assets	2,25,181		-	
Interest and finance Charges (Net)	62,07,854		0	
		6,46,86,565		12,03,35,911
Operating Cash Profit Before Working Capital changes		11,74,45,129		38,25,52,439
Changes in working capital				
(Increase)/Decrease in Trade Receivables	(24,55,62,878)		(26,47,35,921)	
(Increase)/Decrease in Other current assets	(1,12,00,413)		(4,23,64,037)	
(Increase)/Decrease in Loans and Advances	(3,31,14,359)		(2,65,54,362)	
Increase/(Decrease) in Trade and other payables	-		-	
Increase/(Decrease) in Other Current Liabilities	8,00,64,32,453		3,56,99,545	
		7,71,65,54,803		(29,79,54,775)
Less: Direct Taxes paid (Net of Refunds)		13,48,13,005		8,39,38,128
Net Cash inflow in the course of operating activities (A)		7,69,91,86,928		6,59,536
B. Cash flow arising from Investing Activities				
Inflow				
Long Term Loans And Advances	(15,34,61,105)		(6,38,126)	
Interest income	1,83,53,414		1,24,67,464	
		(13,51,07,691)		1,18,29,338
Outflow				
Acquisition of fixed assets	(29,58,84,672)		(94,12,291)	
		(29,58,84,672)		(94,12,291)
Net Cash outflow in the course of investing activities (B)		(43,09,92,363)		24,17,047
C. Cash flow from Financing Activities				
Inflow				
Increase in Working Capital Loan from a Bank	10,00,00,00,000		0	
		10,00,00,00,000		0
Outflow				
Interest paid	(21,61,202)		(67,91,942)	
		(21,61,202)		(67,91,942)
Net cash outflow in the course of Financing activities (C)		9,99,78,38,798		67,91,942
Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)		17,26,60,33,360		98,68,525
Add: Balance at the beginning of the year		32,89,86,314		31,91,17,789
Cash/Cash equivalent at the close of the year		17,59,50,19,674		32,89,86,314

S.Siva Prasad, DGM (F&A) (FAC)

on behalf of Board of Directors
Mr. Rajal Bhargava, IAS
Chairman
DIN: 08529091

D.Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408



Place: Vijayawada

Date: 31-Dec-2021

As per our report of even date attached for M.N.RAO & ASSOCIATES

Chartered Accountants
Firm Reg. No: 005386S

(M.Phaneesh Reddy)
Partner
Membership No: 244506



UDIN: 21244506AAAACC9616

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Notes forming part of the Financial Statements for the year ended 31st March, 2020

1) Corporate Information and Significant Accounting Policies

A) Corporate Information:

As per the Government G.O.M.s.No.272, Revenue (Ex.II) Department, dt:16-07-2015, incorporated a new Company in the name and style of the **ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED (APSBCL)** as a public limited company as per the Companies Act, 2013, and registered with the Registrar of Companies, Hyderabad on August, 12th, 2015 under the CIN No.U15400AP2015SGC097161. The actual business activity of the corporation commenced only from 23-05-2016. The corporation is in the business of wholesale and retail trade, export & import of IMFL & FL in the State of Andhra Pradesh as an agent on behalf of the Government. The Corporation also got the exclusive privilege of selling by shop for the whole of Andhra Pradesh w.e.f. 01.10.2019.

B) Basis of accounting

The Corporation following the mercantile system of accounting and recognizes income and expenditure on accrual basis unless stated to be otherwise. The accounts are prepared on historical cost basis as a going concern. Accounting policies are consistent with generally accepted accounting principles.

C) Significant Accounting Policies

a) Fixed Assets:

Fixed Assets are stated at cost of acquisition inclusive of freight, taxes and incidental expenses less accumulated depreciation.

Depreciation:

The depreciation on Fixed Assets is provided on written down value method at the rates and in the manner specified in Schedule II of the Companies Act, 2013

Name of the Block	Useful Life
Electrical Asset	10 years
Computer Items	3 years
Air Conditioners	10 years
Office Equipment	5 years
Furniture	10 years
Generators	5 years
Vehicles	8 years

b) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

c) Investments

Company does not have any investments.

d) Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.



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e) **Accounting for Taxes on Income**

Income tax expense is the aggregate amount of current tax and deferred tax expenses incurred by the company. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – “Accounting for Taxes on Income” respectively. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management’s judgement as to whether their realization is considered as reasonably certain. Deferred Tax Assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future profits.

f) **Revenue recognition**

Remuneration from the Commissioner of Proh. & Excise, Govt of AP for Wholesale Trade

Government of Andhra Pradesh had issued G.O.MS No.98 on 10.03.2016 to provide 0.5% Remuneration to Corporation on wholesale price for all the activities carried by APSBCL as an agent on behalf of the Government of Andhra Pradesh in connection with wholesale trade and for providing various services as specified Govt. order. The Government of Andhra Pradesh is here by authorized the Commissioner of Proh. & Excise, to release, towards such remuneration, to APSBCL such amounts from time to time from the sale proceeds remitted in the P.O.A of the Government. However, the above said remuneration shall be accrued to the corporation periodically i.e, Monthly Basis in accordance with AS9.

The price on which the remuneration of 0.5% is payable as per the above para is determined as under:
Basic Price + Excise Duty/CVD+VAT

Margin on Retail Trade of Alcoholic liquor in the Retail outlets

APSBCL has been granted exclusive privilege of retailing in Indian Made Foreign Liquor & Foreign Liquor by Shop for the whole State of Andhra Pradesh. The Government of Andhra Pradesh has issued G.O.MS No.373 Revenue (Ex-II) Department on 22-08-2019 to fix (3500) Shops for 2019-20 and the APSBCL will run these Shops from 01.10.2019. The Government of Andhra Pradesh has issued G.O.MS No.373 Revenue (Ex-II) Department on 22-08-2019 to fix (3500) Shops for 2019-20 and the APSBCL will run these outlets. A remuneration of 0.5% is allowed to the APSBCL for the activities entrusted to the Corporation regarding wholesale Trade Export and import of IMFL and FL which is conducted by the Commissioner of Prohibition and Excise at present. The APSBCL is allowed 4% retailing margin to meet the retailing expenditure vide G.O.MS No.423 Revenue (Ex-II) Department on 30-09-2019.

While the Wholesale Trade, Export and import of IMFL and FL is carried on by the Commissioner of Prohibition and Excise, retailing in IMFL and FL will be conducted by the APSBCL as per the policy guidelines issued by the Government in the references cited. APSBCL shall draw stock for the retail trade from the Commissioner of Prohibition and Excise.

The retail outlets shall draw liquor / beer stocks from the wholesale Government IMFL Depots, which are maintained by the Commissioner of Prohibition and Excise. Drawing of stocks by retail outlets of APSBCL shall be considered as purchase only to the extent of sale affected at the retail outlets maintained by APSBCL..

Sale of liquor shall be done at MRP i.e.,

MRP = Basic Cost + Excise duty / Custom duty + Assessment fee + VAT on sale + 0.5% commission + VAT on commission + Additional Excise duty + Special Privilege fee + GRO Operational Expenditure + Retail Excise duty + Additional Privilege fee + ARET



Q. Sreedhar



The sale proceeds in respect of APSBCL retail outlets shall be remitted into the Government treasury as per the guidelines issued by the Government, after deducting 4% margin allowed which shall be the purchase cost i.e., MRP minus GRO Operational Expenditure.

Till the sale is affected at the retail outlets, ownership of liquor / beer stocks lies with the suppliers of distilleries. In the case of theft or misuse of liquor /beer, the landed cost may be compensated to the suppliers by the Corporation. APSBCL shall be responsible for any breakages incurred at the retail outlets. APSBCL shall be responsible for the breakages that occur during the transportation of liquor from depot to Retail outlet (F3 breakages) and for the breakages that occur at the retail outlets (F4 breakages). These breakages are recovered by APSBCL at MRP (Maximum Retail Price). The amount is collected and it is shown under other current liabilities.

Hence, Sale of alcoholic liquor at the Retail outlets shall be recognized as Income to the corporation in accordance with AS9.

Interest Income from Banks and Other Advances

Interest for Staff Advances and Bank Deposits are recognized in the Books as and when accrued in accordance with AS9.

g) Employee Benefits

Liability for employee benefits, both short & long term, for present and past services which are due as per the terms of employment are recorded in accordance with "Accounting Standard 15" Employee Benefits. Employee Benefits include Provident Fund, Employee state Insurance scheme, gratuity fund and other compensated absences. Liability in respect of Employee Benefits i.e. Both Short Term and Long Term are recognized on periodical basis i.e. as and when they are due. However, the measurement in respect of those employee Benefits are measured in accordance by complying the provisions of respective Laws, regulations, and in accordance with AS15 "Employee Benefits"

The accounting policy adopted by the corporation in respect of deputed employees is as follows:

1. Salary in respect of deputed employees whether from Excise Department or any other department or from any corporation of state government or central government is paid as per the Basic salary and other benefits received by such employee from the parent department or corporation as the APSBCL has not adopted any service rules.
2. All the Investments and actuarial risks in respect of deputed employees shall be borne by the APSBCL as the employees are deputed and worked under the APSBCL.

h) Foreign Currency Transactions

There are no foreign currency transactions during the year under consideration.

i) Earnings Per Share

Basic Earnings per share (EPS) is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items if any) by the weighted average number of equity shares outstanding during the period. Since the corporation does not have any convertible securities both basic and diluted EPS will be the same.

j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted in the financial statements.



Q. Sanyal



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2019-20

Note 2 - Share Capital

(Amount in Rupees)

	As at 31st Mar 2020	As at 31st Mar 2019
Authorised		
1,000 Equity shares of Rs.1000/- each	10,00,000	10,00,000
	10,00,000	10,00,000
Issued, Subscribed and Paid up		
500 Equity Share of Rs.1000/- each fully paid	5,00,000	5,00,000
Total	5,00,000	5,00,000

NOTE:

As per G.O.Ms.No.272, dt:16.07.2015 the Authorised Share Capital of the Corporation shall be Rs.10,00,000/- with initial Paidup Capital of Rs.5,00,000/-.

The number of Shares hold on behalf of the Governor of Andhra Pradesh, who will hold 494 Shares of the face value of Rs.1,000/- each of the Corporation i.e, APSBCL in favour of Deputy Secretary, Revenue (Ex) Department (Governor Representative)

The other authorised Subscribers to the MOA of the Corporation who will hold 1 Share each i.e, 6 members (Value of Rs.1,000/-) of the Corporation.

- 1). Commissioner of Prohibition & Excise
- 2). Director of Enforcement, Prohibition & Excise
- 3). Additional Commissioner, Prohibition & Excise
- 4). Assistant Secretary to Government, Rev(Ex) Department
- 5). Section Officer, Revenue (Ex-II) Department
- 6). Assistant Section Officer, Revenue (Ex-II) Department

Reconciliation of Number of Shares

Particulars	As at 31st Mar 2020		As at 31st Mar 2019	
	Number of Shares	Amount	Number of Shares	Amount
Openign Balance	500	5,00,000	500	5,00,000
Allotted during the year	0	-	0	-
Closing Balance	500	5,00,000	500	5,00,000

Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company

Name of the Shareholder	As at 31st Mar 2020		As at 31st Mar 2019	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Government of Andhra Pradesh	500	100%	500	100%

Note 3 - Reserves and Surplus

(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Surplus in Statement of Profit and Loss		
Opening balance	43,56,35,412	25,26,70,344
Add: Profit for the year	3,73,95,270	18,29,65,067
Closing balance	47,30,30,682	43,56,35,412
Total	47,30,30,682	43,56,35,412



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ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2019-20

Note 4 : Short-term Borrowings

(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Secured Loans:		
Line of Credit by way of short term loan from Bank of Baroda	10,00,00,00,000	-
Total	10,00,00,00,000	-

4.1 Nature of Security, Terms of Repayment and Guarantee for Short Term Loan taken from Bank of Baroda

Government of Andhra Pradesh had issued G.O.MS No.100 on 31-03-2020 for APSBCL to avail Rs. 1400 Cr working capital loan from Scheduled commercial banks with Government Guarantee, subject to usual terms and conditions of extending Government Guarantee, to clear the backlog payments to the suppliers of IMFL & FL. In this regard, an amount to a tune of Rs. 1,000 Crores was disbursed by the Bank of Baroda, Benz circle Branch on 31-Mar-2020.

Primary Security:

First charge on receivables of the Corporation, present and future including receivables from Govt. routed through Corporation towards payment to suppliers of IMFL/ FL etc

Collateral Security & terms of guarantee:

No Collateral Security.

Unconditional and Irrecoverable guarantee of Govt of AP guaranteeing the repayment of principal and interest

Repayment:

Facility sanctioned for a period of one year. Drawings under this facility to be allowed in tranches with tenor of 180 days. Principal to be repaid in single bullet payment at the end of each tranche. Interest to be serviced as and when debited.

Note: 5 Other Current Liabilities

(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Statutory Dues:		
Provident Fund payable	30,84,763	41,10,393
TDS deducted under Income Tax Act and payable	1,13,16,921	9,66,193
TDS deducted under GST Act and payable	2,09,095	65,636
Profession Tax payable	48,950	11,550
Dues to Excise Dept and APBCL:		
Payable to Commissioner of Prohibition & Excise (CPE), Govt. of AP [Note 20]	7,44,57,81,295	1,35,32,930
Payable to APBCL(Recoveries)	1,25,728	9,14,653
Others:		
Salaries & Wages payable	16,78,479	32,23,384
Stale cheques payables	50,579	1,53,760
EMD/SD payable at Units	9,48,966	49,375
Interest accrued on Short Term Loan from BOB	21,61,202	-
Other payables	57,22,72,792	82,18,442
Total	8,03,76,78,769	3,12,46,316



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2019-20

Note 6 : Short-term Provisions

(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Provision for Employee Benefits	-	-
Provision for Others:		
Provision for Income Tax including accrued interest	5,76,98,387	16,90,84,700
Provision for Service Tax on commission income from CPE, GoAP [Note 21]	9,50,18,223	9,50,18,223
Provision for GST on commission income from CPE, GoAP [Note 21]	21,30,92,072	21,30,92,072
Total	36,58,08,682	47,71,94,995



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2019-20

Block	Rate (%)	Gross Block (At Cost)				Depreciation			Net Block	
		Balance as at 1st Apr 2019	Addition/ Adjustment	Deduction/ Adjustment	Balance as at 31st Mar 2020	For the Year	Deduction / Adjustment	Balance as at 31st Mar 2020	Balance as at 31st Mar 2020	
Tangible Assets										
Electrical Assets	25.89%	27,33,247	3,99,990	-	31,33,237	5,43,166	-	13,92,601	17,40,636	
Computer items	63.16%	54,93,546	22,73,74,092	2,25,181	23,26,42,457	6,36,72,131	-	6,71,28,706	16,55,13,751	
Air Conditioners	25.89%	27,29,965	3,82,600	-	31,12,565	5,00,482	-	15,49,342	15,63,223	
Office Equipments	45.07%	39,22,026	1,10,48,347	-	1,49,70,373	33,41,280	-	53,56,115	96,14,259	
Furnitures	25.89%	46,18,054	5,61,29,642	-	6,07,47,696	74,23,959	-	93,75,852	5,13,71,845	
Generators	45.07%	11,32,000	5,50,000	-	16,82,000	5,90,250	-	7,52,211	9,29,789	
Vehicles	31.23%	24,00,960	-	-	24,00,960	5,35,676	-	12,21,375	11,79,585	
Total		2,30,29,798	29,58,84,672	2,25,181	31,86,89,289	7,66,06,944	-	8,67,76,202	23,19,13,087	
Previous year total		1,36,17,507	94,12,291	-	2,30,29,798	48,86,710	-	1,01,69,258	1,28,60,540	



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ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2019-20

Note 8 : Long Term Loans & Advances

(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Unsecured and considered good:		
Deposits - Telephone	10,000	10,000
Deposits - Rents	1,26,442	1,26,442
Deposits - Units	15,84,05,920	49,44,815
Total	15,85,42,362	50,81,257

Note 9 : Deferred Tax Assets

(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
On account of timing differences in Income Tax [Note 22]		
- due to depreciation	49,92,922	10,28,592
- due to disallowance u/s 43B for unpaid provision for GST and Service tax	8,97,21,718	8,97,21,718
- due to disallowance for non-deduction of TDS	52,416	-
Total	9,47,67,056	9,07,50,310

Note 10 : Trade Receivables

(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Unsecured and considered good:		
Commission remuneration receivable on wholesale trade from CPE, GoAP *		
- for a period exceeding 6 months from the due date of payment	20,15,70,018	66,13,861
- Others **	37,48,69,394	32,42,62,673
Total	57,64,39,412	33,08,76,534

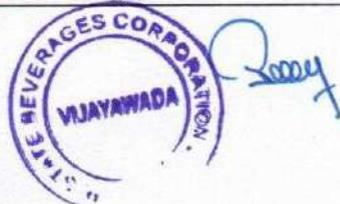
*Ageing of the Remuneration receivable is based on the date of submission of claims by the corporation to CPE.

**Includes claims to be submitted amounting to Rs. 10,35,85,109/- as on 31-Mar-2020 & Rs 13,21,42,918/- as on 31-Mar-2019

Note 11 : Cash & Cash Equivalents

(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Balance with Banks		
- In Current Accounts	11,04,66,82,795	16,97,99,949
- In Deposit Accounts	16,92,84,135	15,90,00,000
- In Sweeping Accounts	29,95,44,749	-
Cash on hand		
- At Head Office & Depots	19,93,532	1,86,362
- At retail outlets	5,25,27,455	-
Green Channel PD	6,02,49,87,007	-
Total	17,59,50,19,673	32,89,86,311



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2019-20

Note 12 : Short Term Loans & Advances

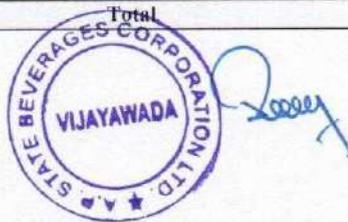
(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Unsecured and considered good:		
Advance to Excise Dept, Govt. of AP	7,49,10,979	6,27,05,665
Advance to Retail outlets for meeting regular maintenance expenses	1,95,46,970	-
Advance to Capital Expenditure	15,00,000	15,00,000
Advance to APBCL	10,00,000	-
Advance to Employees	8,19,351	4,57,276
Total	9,77,77,300	6,46,62,941

Note 13 : Other Current Assets

(Amount in Rupees)

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Accrued Incomes:		
Accrued Interest on Fixed Deposits	80,88,676	97,32,650
Interest on Staff Advances	-	4,560
Others:		
Prepaid Expenses	60,38,851	1,18,04,419
Other Recoverables at Units	1,65,57,238	1,31,352
Receivable from CPE	5,05,400	5,00,000
Receivable from CPE-GST	47,172	46,017
Receivable from APBCL	59,000	-
Income Tax:		
TDS on remuneration from GoAP	8,54,82,951	8,39,38,128
TDS on interest on fixed deposits from banks	18,60,090	12,46,844
TCS on vehicle	-	20,215
GST:		
Input tax credit under GST Act [Note 21]	18,84,558	18,84,558
Input tax credit under IGST Act [Note 21]	19,08,194	19,08,194
Input tax credit of GST paid under reverse charge [Note 21]	1,27,110	1,27,110
TDS Receivable under GST	-	14,780
Total	12,25,59,240	11,13,58,827



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2019-20

Note 14 : Revenue from operations (Amount in Rupees)

Particulars	For the year ended 31st Mar 2020	For the year ended 31st Mar 2019
Sale of Products:		
Revenue from Retail trade of Liquor, IMFL and Beer at APSBCL Retail Outlets (from Oct-2019 to Mar-2020)	89,20,44,53,680	-
Sale of Services:		
Commission Income from CPE, Govt. of AP for Wholesale trade of Liquor	79,53,39,992	83,93,79,277
Total	89,99,97,93,672	83,93,79,277

Note 15 : Other Income (Amount in Rupees)

Particulars	For the year ended 31st Mar 2020	For the year ended 31st Mar 2019
Interest on Fixed Deposits with Bank	1,83,53,414	1,24,67,464
Interest on Power Deposit	-	3,642
Interest on Marriage Advance from employees	-	4,125
Interest on Computer Loan from employees	825	435
Misc. Other Income	1,01,37,991	220
Total	2,84,92,230	1,24,75,886

Note 16 : Purchases of Stock-in-Trade (Amount in Rupees)

Particulars	For the year ended 31st Mar 2020	For the year ended 31st Mar 2019
Purchases of liquor for Retail Outlets from CPE, Govt. of AP (Oct'19 to Mar'20)	86,45,71,15,276	-
Total	86,45,71,15,276	-

Note 17 : Employee Benefit Expenses (Amount in Rupees)

Particulars	For the year ended 31st Mar 2020	For the year ended 31st Mar 2019
Salaries, Wages & Allowances	27,87,00,406	27,58,01,538
Contribution to PF & ESI	2,61,91,523	2,94,26,391
Contribution to CPS	4,46,708	-
Staff Welfare Expenses	44,88,185	10,10,473
Gratuity To Employees	79,22,050	80,37,324
Total	31,77,48,872	31,42,75,726



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2019-20

Note 18 : Finance Cost

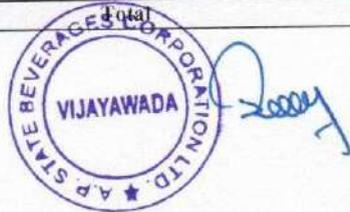
(Amount in Rupees)

Particulars	For the year ended 31st Mar 2020	For the year ended 31st Mar 2019
Interest on Short Term Loan from Bank of Baroda	21,61,202	-
'Interest on Income Tax' relating to current period	40,46,652	18,98,021
'Interest on Income Tax' relating to prior period	-	48,93,921
Total	62,07,854	67,91,942

Note 19 : Other Expenses

(Amount in Rupees)

Particulars	For the year ended 31st Mar 2020	For the year ended 31st Mar 2019
Advertisement	1,01,74,973	7,58,864
Audit Fee to Statutory Auditors	6,18,000	1,13,500
Bank Charges	10,38,19,412	42,241
General Expenses	8,09,72,369	1,53,89,367
GST Input Tax paid [Note 21]	17,94,23,547	-
Insurance	74,08,980	67,46,566
Office Maintainance	13,18,68,985	53,78,819
Outsourcing & Security Services	1,64,40,84,383	3,04,63,193
Postage & Telephones	1,32,62,085	14,54,809
Power & Fuel	2,84,59,190	59,17,303
Printing & Stationary	1,49,90,205	21,84,203
Provision for GST output liability [Note 21]	-	12,79,16,665
Rates & Taxes	22,93,877	9,78,820
Rent on IMFL Depots	4,24,60,482	4,42,46,904
Rent on Office Building	23,72,256	23,10,127
Rent on Retail Outlets	44,10,39,752	-
Repairs & Maintenance	2,34,69,489	65,02,587
Transportation Charges	32,52,17,395	-
Travelling & Conveyance	1,17,46,918	89,54,522
Vehicle Hire Charges	5,39,40,912	43,25,768
Write off other assets	2,25,181	-
Total	3,11,78,48,392	26,36,84,257



Other Explanatory information:

20) **Amount payable to Commissioner of Prohibition & Excise Department, Govt. of Andhra Pradesh:**

Amount stated as payable to CPE under Note-5 includes the following:

Particulars	Current Year 2019-20	Previous Year 2018-19
(a) Amount received for payments to suppliers on behalf of CPE	5,38,42,63,675	-
(b) Amount received towards margin on retail sales, net of excess remittance of sale proceeds to CPE	1,11,79,84,690	-
(c) Amount received for establishment of Retail outlets	93,00,00,000	-
(d) Towards DCs Receipt	47,47,326	47,47,326
(e) Advance received from CPE	10,22,915	10,22,915
(f) Others	77,62,689	77,62,689
Total	7,44,57,81,295	1,35,32,930

21) **Provision for GST and Service Tax Liability and unutilized GST Input Tax Credit:**

The Corporation has not remitted any Service Tax or GST on 0.5% commission received from CPE in relation to wholesale trade of liquor and on the revenue generated from retail trade of liquor from Oct-2019. However, due to pending Advance ruling decision in case of Service Tax and lack of certainty regarding GST liability, the Corporation has created provisions in respect of Service Tax and GST on grounds of Prudence till 31-Mar-2019. Accordingly, Provision for GST, Provision for Service Tax and un-utilized GST Input Tax credit of Rs.9,50,18,223/-, Rs.21,30,92,072/- and Rs.39,19,862/- respectively are accounted and disclosed in Note 6 and Note 30.

However, from the year 2019-20, management has resorted to expert's opinion and concluded that the corporation will not be liable to pay GST and Service Tax. Hence, no provision is made for any GST liability from FY 2019-20. Also, GST input tax credit of Rs.17,94,23,547/- is recognized as cost under Note 19 - 'Other Expenses' for the FY 2019-20.

22) **Movement in Deferred Tax Asset:**

The deferred tax asset for the year 2019-20 due to timing differences between financial statements and taxation statements as per the applicable rate of taxation has been credited to Profit & Loss A/c as per the procedure prescribed in Accounting Standard 22 - 'Accounting for Taxes on Income' issued by ICAI.

Particulars	Current Year 2019-20	Previous Year 2018-19
(A) On account of timing differences due to depreciation:		
Opening Balance	10,28,592	4,86,935
Add: Shortfall in previous years now provided	-	782
Add: Additions on account of current year depreciation	39,64,330	5,36,139
Add: Impact of increase in cess rate by 1% in FY 2018-19 on the opening balance	-	4,735
Closing Balance	49,92,922	10,28,592



Particulars	Current Year 2019-20	Previous Year 2018-19
(B) On account of timing differences due to disallowance u/s 43B for unpaid provision for GST and Service tax:		
Opening balance	8,97,21,718	-
Add: Prior period items accounted in FY 2018-19 [2016-17 : Rs.2,49,42,172; 2017-18 : Rs.2,70,25,670]	-	5,19,67,843
Add: Additions on account of disallowances in FY 2018-19	-	3,72,85,512
Add: Impact of increase in cess rate by 1% in FY 2018-19 on the opening balance	-	5,04,542
Less: Reversal of tax on GST paid under RCM in FY2018-19	-	-36,179
Closing Balance	8,97,21,718	8,97,21,718
(C) On account of timing differences due to disallowance for non-deduction of TDS:		
Opening Balance	-	-
Add: Additions on account of current year disallowance	52,416	-
Closing Balance	52,416	-
Total (A+B+C)	9,47,67,056	9,07,50,310

23) **Accounting for stock under Breakages and Theft/ Misappropriation:**

During the year, Corporation has recovered an amount of Rs.2,36,52,815/- towards breakages from transporters during retail trade of liquor. Pending receipt of guidelines from the Government of Andhra Pradesh in respect of apportionment of this recovery, the amount so recovered is kept as liability under the head 'Other payables' under Note 5 - 'Other Current Liabilities'.

Further, during the year, Corporation has debited an amount of Rs.13,29,994/- under the head 'General Expenses' under Note 19 - 'Other Expenses, towards the landed cost for liquor bottles under theft/ misappropriation to meet it's liability under retail trade with Govt. of Andhra Pradesh. Pending recovery and reconciliation of this amount, the amount so debited as expense is kept as liability under the head 'Other payables' under Note 5 - 'Other Current Liabilities'.

24) **Segment Reporting:**

The Board of Directors of the company is of the opinion that there are no separate reportable segments as per Accounting Standard 17 - 'Segment Reporting' since the operations of the company are in the nature of integrated system of function.

25) **Related Party Disclosures:**

Related party disclosures as stipulated by Accounting Standard 18 - 'Related Party Disclosures' are given below:

a) Related Parties and their relationships:

(i) Associates:

Andhra Pradesh Beverages Corporation Limited (APBCL)



- (ii) Key Managerial Personnel
Mudavatu M Nayak, IAS Managing Director, APSBCL upto 12-Sep-2019
Vadudeva Reddy, IRTS Managing Director, APSBCL w.e.f. 13-Sep-2019

b) Related Party Transactions:

Related Party	Nature of Transaction		Current Year 2019-20	Previous Year 2018-19
APBCL	Advance given	Addition	10,00,000	-
		Closing Balance	10,00,000	-
	Other Receivables	Addition	59,000	-
		Closing Balance	59,000	-
	Salary Recovery payable	Opening Balance	9,14,653	12,67,481
		Recoveries	1,25,728	2,58,129
		Paid	9,14,653	6,10,957
	Closing Balance	1,25,728	9,14,653	
Vasudeva Reddy *	Salary and Allowances	Expenditure	7,83,709	-
		Liability	96,071	-

* Managing Director, APSBCL

There are no related party transactions with other persons in KMP and no directors remuneration/ sitting fee is paid by the Corporation. As they are Government Servants, monthly salaries and other perquisites are provided to them by Govt. of AP

26) **Earnings per Share:**

Disclosures required under Accounting Standard 20 – 'Earnings per Share' are as follows:

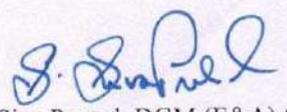
Particulars	Current Year 2019-20	Previous Year 2018-19
Profit attributable to Equity Shareholders	Rs.3,73,95,270/-	Rs.18,29,65,067/-
Basic/ weighted number average number of equity shares outstanding during the year	500 No's	500 No's
Earnings per share (Basic & Diluted)	Rs.74,791/-	Rs.3,65,930/-
Nominal Value of Equity Share	Rs.1000/-	Rs.1000/-

- 27) There are no contingent liabilities to be disclosed under Accounting Standard 29 – 'Provisions, Contingent Liabilities, Contingent Assets' by the Corporation as at 31-Mar-2020 and 31-Mar-2019.
- 28) Presentation of Balance Sheet, Profit & Loss Account and Notes to Accounts are in terms of the Schedule III of the Companies Act, 2013. The assets and liabilities have been classified as current and non-current based on the 12-months operating cycle.
- 29) Based on the information available with the Company, there are no suppliers who are registered as micro and small enterprises under the provisions of Micro, Small and Medium Enterprises Development Act, 2006. Hence, no amounts are stated as due to Micro and Small Enterprises in the Balance Sheet as at 31-Mar-2020 and 31-Mar-2019.



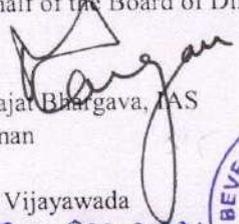
30)

Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.



S.Siva Prasad, DGM (F&A) (FAC)

On behalf of the Board of Directors



Dr. Rajat Bhargava, IAS
Chairman

Place: Vijayawada
Date: 31-DEC-2021

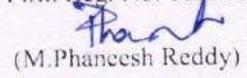


As per our report of even date attached

for M.N.RAO & ASSOCIATES

Chartered Accountants

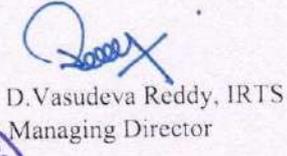
Firm Reg. No: 005386S



(M.Phaneesh Reddy)

Partner

Membership No: 244506



D.Vasudeva Reddy, IRTS
Managing Director

UDIN: 21244506AAAACC9616





INDEPENDENT AUDITOR'S REPORT

To
The Members of
THE ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Report on the Financial Statements:

Qualified Opinion:

We have audited the accompanying financial statements of THE ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our Report, 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 accounting principles generally accepted in India.

- In case of accompanying Balance Sheet, of state of affairs of the Company as at 31st March 2021,
- In case of accompanying Statement of Profit and Loss, of profit of the Company for the year ended on that date and
- In case of accompanying Statement of Cash Flow, of cash flows for the year ended on that date.

Basis for Qualified Opinion:

- Short term loan from Bank of Baroda:** During the year 2019-20, the Corporation has obtained short term loan from Bank of Baroda for an amount of Rs.1400 crores. Of this loan, an amount of Rs.1000 crores is released by the bank on 31-Mar-2020, balance of Rs.400 is crores is released during FY 2020-21 and total amount of Rs.1400 is outstanding in the books of Corporation as on 31-Mar-2021.

The said loan is sanctioned to meet the short term fund requirement of the corporation for supplier payments/ procurement and distribution of liquor. Whereas, no working capital fund requirement is noticed either for the Corporation or for the Commissioner of Prohibition and Excise (CPE) as the business model involved sales on cash basis and purchases on full credit basis with obligation to pay out of sale proceeds collected. This Corporation has remitted the sale proceeds (after deducting its margin) to CPE from time to time and there are no book debts/ receivables on account of this activity either for the Corporation or for the CPE. However, this Corporation has been ordered to pay the backlog supplier payments of CPE by availing a short term loan from Bank of Baroda.

The said loan is secured by hypothecation of book debts and receivables and guarantee of the state government. Nature of book debts stated in hypothecation deed is not in line with business model of Corporation. Charge is registered with ROC for Rs.1400 crores on 31-Mar-2020. However, Security for the loan is essentially non-existent at the time of sanction of loan and the amount availed is disbursed to suppliers on behalf of CPE during FY 2020-21 gradually over the first 3 months.



Outside the original business obligations of the Corporation with CPE, the loan amount has been availed by the Corporation to meet the supplier's backlog payment obligations of CPE. There exists no document between CPE and Corporation in respect of this financial arrangement. Sanction letter does not specify that the loan amount would be utilized by the Corporation for provision as loan to CPE outside the original business terms ordered by the Government and that such loan shall be considered as primary security by the bank.

Total interest for FY 2020-21 of Rs.100,12,58,094 /- is accounted as finance cost of the Corporation. As per the GO MS No. 294 dated 1-Oct-2020, AP SBCL is permitted to retain the cash discount accrued on supplier payments and interest earned on Excise Duty remitted in advance by suppliers to AP SBCL. Accordingly, Management has recognised an amount of Rs.34,26,98,835/- as income in FY 2020-21. Further, Management has recognised the balance amount of Rs.66,07,20,461/- as income by way of interest reimbursement from CPE. However, this recognition of income is not supported by any GO or loan agreement.

2. **Bank Charges on cash collections:** During the year, Corporation has availed services from SBI, Axis bank, ICICI bank, HDFC bank, Airtel payments bank, AP Online and M/s.RamInfo Digitech Pvt Ltd for collection & handling of sale proceeds at Retail outlets from 01-Oct-2019. In respect of these services, an amount of Rs.9,78,24,084/- (Previous year: Rs.9,54,29,695/-) has been recognised as bank charges expense. However, agreements and invoice copies/ correspondences for the bank charges are not provided.

Based on the limited information provided, the bank charges expense is computed to be minimum of Rs.12,84,56,019/- (Previous year: Rs.22,05,58,079/-). Further, charges for additional pickup, AP Online collections and POS machines could not be estimated due to lack of sufficient information. Management has not provided any reconciliation for the difference, sufficient information to estimate other charges and it's assessment of the impact of these differences on P&L for the current year.

3. **Outsourcing and Security Expenses:** During the year, Corporation has stated an amount of Rs.3,03,38,96,315/- (Previous year: Rs.1,64,40,84,383/-) for Outsourcing and Security Expenses under the head 'Other Expenses'. However, the outsourcing and security cost for retail outlets, which is re-computed based on the information provided by management, is found to be different from actual cost accounted by the Corporation. As per the recomputed figures, outsourcing and security cost is estimated to be Rs.2,96,40,20,718/- (Previous year: Rs.1,65,74,22,422/-) and the difference of Rs.6,98,75,597/- (Previous year: Rs.1,33,38,040/-) remain unreconciled.

4. **Rent for retail outlets:** During the year, Corporation has stated an amount of Rs.71,58,03,208/- (Previous year: Rs.44,10,39,752/-) as Rent for retail outlets under 'Other Expenses'. However, the rent cost for retail outlets as verified with the information provided by depots is found to be different from actual cost accounted by the Corporation, with a possible net overstatement of Rs.2,39,51,875/- approximately in financial statements. (Previous year: overstated by Rs.96,23,152/- in 16 depots and understated by Rs.1,15,46,852/- in 9 depots).

Further, on verification with shipment reports, there are few retail outlets for which rent is paid by depots but no shipment transport for those depots is logged in C-Tel web-based software of Excise department. Also, there are few retail outlets for which shipment transport is logged in C-Tel web-based software but no rent expense is accounted by depots. In addition to this, there are multiple discrepancies between shipment report and rent expense ledger such as payment of rent for few retail outlets for less than full year but shipment movement logged for full year.



5. **Transportation charges:** During the year, Corporation has stated an amount of Rs.58,70,44,966/- (Previous year: Rs.32,52,17,395/-) as transportation charges under 'Other Expenses', which includes Rs.58,69,15,166/- (Previous year: Rs.32,46,74,222/-) incurred for transport of liquor from depots to retail outlets.

However, the cost for liquor transport, which is re-computed based on the stock shipment report generated from C-Tel web software of Excise Department and based on the retail outlet distances and respective slab rates provided by all depots, is found to be different from the actual cost accounted by the Corporation.

As per the recomputed figures, liquor transport cost is estimated to be overstated by Rs.6,32,23,920/- (Previous year: overstated by Rs.2,38,66,925/- in 20 depots and understated by Rs.2,10,80,824/- in 8 depots). Management states that the basis for computation followed is in line with the depot practices but the differences remain unreconciled.

Further, on sample verification of transport payments at depots, certain differences are noticed between the number of cases considered for payment by depot and number of cases shipped as per web-based software. Hence, we are unable to comment on the impact of these differences in the financial statements for the current year.

6. **Post-Employment Benefits:** As per the accounting standard on employee benefits (AS-15), the Corporation is required to account for its liability towards post-employment benefits (viz. Gratuity, leave encashment and GIS in lieu of EDLI) as per the actuarial valuations and make certain disclosures in its financial statements. However, the Corporation stated that due to non-availability of actuarial valuation report as on 31-Mar-2021, appropriate adjustments and disclosures required under AS are not made.

Accordingly, due to lack of detailed information and actuarial reports as per AS-15 as on 31-Mar-2021 for gratuity, leave encashment and GIS, we are unable to express our opinion on the correctness of employee benefit expense recognised in Profit & Loss A/c, the net defined benefit asset/ liability to be recognised in the balance sheet and disclosures to be made.

Disclosures relating to employee benefits as per AS-15 are not made by the Corporation in its financial statements.

Further, Corporation is not assessing its present value obligation for gratuity in respect of certain employees who are not covered under the group master policy and recognising the entire cost at the time of retirement of concerned employee. Due to lack of management assessment and actuarial valuation, we are unable to comment on the understatement of employee benefit expense and outstanding liability to be recognised and disclosed in the financial statements.

Also, the Corporation is making payment for retirement benefits of deputed employees to the full service period instead of restricting its obligation to the extent of service period for which the concerned employee has worked on deputation in this Corporation. Further, no explanation is provided for liability of this Corporation in respect of subsequent revaluation of past service cost such as increase due to last drawn salary etc of deputed employees.



7. **Short term compensated absences:** As per AS-15, an enterprise should recognize the expected cost of short-term employee benefits in the form of compensated absences in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences.

However, the Corporation has been accounting the encashment of surrender leave as and when the un-availed leaves are surrendered by the employee and payment is made by corporation.

8. **Service Tax and GST Liability:** From the year 2016-17 onwards, the Corporation has not paid the service tax and GST on the remuneration received from Government of Andhra Pradesh aggregating to Rs.30,81,10,295/- till FY 2018-19 based on the oral opinion of the tax consultant. It has filed an application for advance ruling under the Service Tax authority and estimated the outcome as against the Corporation and hence, recognised the tax amount as provision in the books till FY 2018-19.

However, for the FY 2019-20, corporation has reassessed it's liability for GST based on the opinion issued by a GST Consultant appointed by the management and resolved to not make any liability for GST in the books. However, the existing provision for GST liability of Rs.30,81,10,295/-, existing input GST credit of Rs.39,19,862/- and related deferred tax asset of Rs.8,97,21,718/- due to unpaid GST liability as on 31-Mar-2019 has not been reversed in the FY 2019-20, but reversed in FY 2020-21.

In view of the possible implications involved in the management assessment of no GST liability for the Corporation and significant uncertainty identified in the outcome of the legal notice received by the Corporation in this regard, we are unable to express our opinion on the correctness of the accounting treatment followed by the Corporation.

9. **Advance to Excise Department:** Corporation has incurred expenses on behalf of Excise Department for which reimbursement is stated to be have been claimed and an amount of Rs.8,96,28,690/- is shown under 'Short term loans and advances' as at 31-Mar-2021 (previous year: Rs. 7,49,10,979/-). However, guidelines for reimbursement of such expenses, sanction for claims by the excise department and present status for receipt of claims submitted are not provided. Hence, we are unable to comment on the correctness of the amount receivable and provision to be made, if any, in the financial statements.

Further, as mentioned in Note No.20(c), Corporation has stated amounts receivable from CPE for which, sanction of claim by the CPE and present status of receipt of claims is not provided.

Also, as mentioned in Note No.20(a), Corporation has adjusted an amount of Rs.1,59,85,07,645/- (Rs.73,21,46,262/- towards commission income receivable, Rs.66,07,20,461/- towards bank loan interest reimbursement and Rs.20,56,40,922/- towards excess remittance of sale proceeds to CPE) against the payables to CPE, for which adjustment proceedings from CPE are not provided.

10. **Advance to Retail Outlets:** During the year, Corporation has issued advances of Rs.2,75,24,948 (Previous Year: Rs.4,88,70,233/-) respectively to retail outlets for meeting operational expenses, against which utilisation is accounted for Rs.3,86,74,614/- (Previous year: Rs.2,93,23,263/-) and balance of Rs.83,97,304/- (Previous Year: Rs.1,95,46,970/-) is shown under 'Short term loans and advances'. However, guidelines for issue and adjustment of such advances, sanction orders, utilisation certificates/ adjustment notes/ bills, present status of unadjusted balances and balance confirmations for unspent balances are not provided. Hence, we are unable to comment on the correctness of the amount receivable and expenditure to be accounted, if any, for amounts already utilised but included in unspent balance as at the year-end.



11. **Cash and Bank Balances:** Corporation has stated an amount of Rs.50,98,15,660/- under 'Cash & Cash Equivalents' towards sale proceeds at retail outlets remaining undeposited to Head Office. However, no physical verification of cash on hand and cash registers at retail outlets is made by the management to verify the correctness of the cash on hand as at the year-end.

Further, corporation has included an amount of Rs.2,24,31,953/- as 'other payables' under the head 'Other current liabilities' as at the year-end towards excess deposits made by retail outlets to Head Office. Management has stated that these amounts are adjusted towards collections due for remittance in the next year. Due to lack of adequate information, we are unable to comment on the correctness of the same.

Also, Corporation has not provided the account statements and reconciliation statements for personal deposit accounts maintained at few depots having aggregate balance of Rs.1,58,19,093/- as at 31-Mar-2021 (Previous year: Rs.3,97,97,272/- as on 31-Mar-2020).

12. **Income Tax:** Corporation has stated an amount of Rs.75,82,730/- (Previous Year: Rs.1,13,16,921/-) under 'Other Current Liabilities' towards statutory dues for TDS deducted under Income Tax Act. However, as per income tax challan registers provided for FY 2020-21, challans aggregating for Rs.69,77,339/- (Previous Year: Rs.95,29,082/-) only are paid after 31-Mar-2021. The difference remains unreconciled by the management.

Also, Corporation has stated an amount of Rs.5,58,88,572/- (Previous year: Rs.8,54,82,951/-) as TDS receivable on remuneration from Govt. of Andhra Pradesh under 'Other Current Assets' which includes Rs.66,13,861/- relating to previous years. This amount pertaining to previous years is not reflected in Form-26AS of the Corporation for adjustment against the tax liability. Management has stated that tax has been remitted by CPE but yet to be credited in Form-26AS. Impact of this difference is not ascertainable.

Further, Corporation has stated an amount of Rs.4,88,93,668/- as refund receivable from Income Tax Department for FY 2019-20. However, revised return is not filed due to expiry of statutory due date. Management has assessed that the difference amount would be pursued with Income tax department and would be received by the Corporation. We are unable to comment on the impact of this difference income tax to be received.

During the year, Corporation has not deducted TDS on certain expenditures and has made few payments in cash exceeding Rs.10,000/- per day. However, the deferred tax impact of this disallowance is not considered by the Corporation.

13. **Unreconciled Balances:** Following balances are forming part of assets and liabilities as at 31-Mar-2021, but remaining unreconciled/ not having details of outstanding items:

Asset – Long Term Loans and Advances – Deposits – Rs.6,33,66,121/-

Asset – Short Term Loans and Advances – Advance to Capital Expenditure – Rs.15,00,000/-

Asset – Other Current Assets – Other Recoverable – Rs.36,32,429/-

Liability – Other Current Liabilities – Other payables – Rs.3,63,89,297/-

Also, the correctness of management classification of assets and liabilities into current and non-current could not be verified due to lack of adequate information.



14. **Cash Discount:** During the year, Corporation has accounted an amount of Rs.32,76,52,671/- as income of the Corporation towards cash discount on payments to suppliers of CPE for the period from Oct 2020 to Mar 2021. Vide GO MS No.294 dated 01-Oct-2020, the government has stipulated multiple rates for cash discount depending upon on the number of days between date of sale and date of payment. However, the Corporation has calculated the cash discount at the rate of 1.5% irrespective of the number of days between date of sale and date of payment. The modification in cash discount rate by uniform application of 1.5% is ordered by government only on 09-Mar-2021. Also, the Corporation has recognised the cash discount amount of Rs.2,69,90,356/- in FY 2020-21 which pertains to payments made after 31-Mar-2021.
15. **Prior Period Items:** During the year, Corporation has accounted the sale of liquor pertaining to previous year 2019-20 as income of the current year, the breakup of which is not available due to lack of record. Also, Corporation has not disclosed the prior period incomes and expenses separately as required under AS-5.
16. **Track and Trace Expense:** During the year, Corporation has recognised an amount of Rs.5,00,00,000/- as 'Track and Trace' expense under the head 'Other Expenses'. The said amount is paid by this Corporation in respect of beer stock for which no agreement is entered. The agreement for said service for liquor stock is entered by CPE which has excluded the beer stock from scope of the project and hence, the said liability is partly discharged by this Corporation against the full invoice value of Rs.9,27,31,691/-

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other Matters:

1. **CSR Expenses:** The Corporation has not constituted the Corporate Social Responsibility (CSR) committee as applicable under section 135 of the Companies Act and has not spent any amount towards CSR purposes. The amount to be spend for CSR purposes as per the Act in the FY 2017-18, FY 2018-19, FY 2019-20 and FY 2020-21 are Rs.14,52,015/-, Rs.24,72,179/-, Rs.42,66,117/- and Rs.90,10,007/- respectively.
2. **Sanctioned Manpower Strength:** The Corporation has employed the excess manpower (both on regular and outsourcing basis) over the staffing pattern sanctioned by the Government of Andhra Pradesh vide GO MS No.80 dated 17-May-2016. However, no approval is obtained from the government. The average number of excess staff employed on regular basis is 157 members with annual payments (excluding arrear salaries, statutory contributions and leave encashment etc) amounting to Rs.712.88 lakhs approximately.



3. **Policies and Controls:** The Corporation has not conducted the competitive tender process for hiring of private vehicles and procurement of fixed assets. There exists no procurement policy or guidelines and financial powers delegation in the Corporation. Also, there exists no standard accounting manual, training practices and budgeting policy in the Corporation. Keeping in view of the size and nature of business, the Corporation shall strengthen the existing internal control and financial reporting system.
4. **Expenses incurred as agent:** As per GO MS No. 98 dt. 10-Mar-2016, Corporation acts as Agent, who was entrusted the wholesale and retail trade of Spirits, IMFL, FL and Beer retail A4 outlets in the State of Andhra Pradesh, for which remuneration of 0.5% on sales is being paid by the Govt. of AP.
- However, during the year 2020-21, an amount of Rs.4,31,12,402/- (Previous year: Rs. 4,24,60,482/-) was paid by the Corporation towards Rent on IMFL Depots and an amount of Rs.16,47,566/- (Previous year: Rs.22,49,141/-) was paid by the Corporation towards Repairs and Maintenance of Buildings and Electrical Assets. As per the Management Representation, such expenditure shall be borne by Corporation out of the Remuneration received from Government of AP. We have relied on the representation and have not qualified our opinion in this regard.
5. **Unadopted Previous Year Figures:** CAG supplementary audit report for the previous year 2019-20 is yet to be received by the Corporation and hence, the financial statements together with independent auditors report and CAG supplementary audit report of the corporation for the previous year 2018-19 and 2019-20 are yet to be adopted by the members in AGM. Comparative figures for previous year 2019-20 which are provided in the current year financial statements are unadopted.
6. **Branch Audit:** The financial statements includes assets, liabilities, incomes and expenses of 29 depots across the state of Andhra Pradesh which are subjected to audit along with Head Office and have not been separately audited by any other auditor.

Management's Responsibility for the Financial Statements:

The Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and changes in the cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, and other accounting principles generally accepted in India. 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.

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

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



Auditor's Responsibility for the Audit of Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said order.
2. As required under Section 143(5) of the Companies Act 2013, we give in "Annexure B" a statement on the directions issued by the Comptroller and Auditor General of India, action taken thereon and the impact on the accounts and financial statements of the Company.
3. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought, except for the effects/ possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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 accounts 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, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the books of accounts.
 - d) Except for the effects/ possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) Being a Government Company, pursuant to Notification No.GSR 463(E) dated 15-Jun-2015 issued by Government of India, Provisions of clause (g) of sub-section (3) of section 143 of the Companies Act 2013 are not applicable to the Company.
 - 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". Our report expresses disclaimer of opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. In our opinion and as per the information and explanations provided to us, the Company did not have any long term contracts, requiring provisions under applicable laws or accounting standards, for material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to 'Investor Education and Protection Fund' by the company.



- iv. The disclosures regarding details of specified bank notes held and transacted during 8th November 2016 to 30th December 2016 have not been made since the requirement does not pertain to financial year ended 31st March 2021.

Place : Vijayawada
Date : 15-Feb-2022
UDIN : 22244506ACRRND3214



For M.N.Rao & Associates
Chartered Accountants
Firm Reg. No: 005386S
Phaneesh Reddy
(M. Phaneesh Reddy)
Partner
Membership No.:244506

Enclosed: Annexure A, B and C to the Audit Report

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of 'The Andhra Pradesh State Beverages Corporation Limited' for the year ended 31st March 2021)

- i. In respect of the Company's fixed assets:
 - a) As per the information and explanations provided to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, reconciliation of fixed asset registers with information furnished in Note 7 is not made.
 - b) As explained to us, there is regular programme drawn for the purpose of conducting physical verification of the fixed assets in a phased manner including assigning the said function in the scope of internal audit. However, sufficient information is not provided to express our opinion on reasonableness of this program having regard to the size of the Company and nature of its assets.
 - c) As the Company doesn't have any immovable properties and hence reporting under clause 3(i)(c) of order is not applicable to company.
- ii. The Company does not have any inventory and hence reporting under clause 3(ii) of the order is not applicable to company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. According to the information and explanations given to us, the Company has not given any loans, investments, guarantees and security covered under the provisions of Sections 185 and 186 of the Act. Accordingly, clause (iv) of para 3 of the Order is not applicable to the Company.
- v. The Company has not accepted any deposits from the public.
- vi. The provisions relating to maintenance of cost records under section 148(1) of the Companies Act, 2013 are not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b) Subject to our observation stated in para 8 and 12 of 'Basis for Qualified Opinion' section of our Independent Auditors Report, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March 2021 for a period of more than six months from the date they became payable.



- c) There are no disputed statutory dues as at 31st March 2021 including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions and government.
- ix. During the year 2019-20, the Company has borrowed Rs.1400 crores as line of credit by way of short term loan from Bank of Baroda of which Rs.1000 crores is disbursed as on 31-Mar-2020 and balance amount of Rs.400 crores is disbursed in FY 2020-21. Our opinion on the end use of this borrowing is stated at para 1 of 'Basis for Qualified Opinion' section of the Independent Auditors Report. Further, the Company did not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. As per Notification No. G.S.R. 463(E) dated 05-Jun-2015 issued by the Ministry of Corporate Affairs, Government of India, section 197 of the Act is not applicable to the Government Companies. Accordingly provisions of clause 3 (xi) of the Order are not applicable to this Company
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place : Vijayawada
Date : 15-Feb-2022
UDIN : 22244506ACRRND3214



For M.N.Rao & Associates
Chartered Accountants
Firm Reg. No: 005386S
Phaneesh Reddy
(M. Phaneesh Reddy)
Partner
Membership No.:244506

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Andhra Pradesh State Beverages Corporation Limited for the year ended 31st March 2021)

Report on the Directions issued by the Comptroller and Auditor General of India:

1. Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated

Auditor's Reply: As informed by the management, all the accounting transactions at head office and depots are recorded in Tally.ERP 9 (after processing). However, there exists no documentation with regard to any process or procedures and management has not performed any evaluation or assessment of the adequacy and effectiveness of the internal financial controls as per guidance note of ICAI in this regard.

2. Whether there is any restructuring of an existing loan or cases of waiver/ writeoff of debts/ loans/ interest etc. made by a lender to the Company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender company) ?

Auditor's Reply: As informed by the Management and to the extent of our verification of records, there are no cases of restructuring of an existing loan or cases of waiver, write off of debts/ loans/ interest etc. made by the lender to the Company during the year 2020-21. This Company is not a lender for any loan or debt.

3. Whether funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilised as per its term and conditions? List the cases of deviation

Auditor's Reply: As informed by the Management and to the extent of our verification of records, there exist no such funds to be receivable/ received for specific schemes from central/ state agencies.

In addition the auditor is required to comply with any additional Company / Sector specific directions issued under section 143(5) of the Companies Act, 2013 by the Field office entrusted with the supplementary audit of the Company

Auditor's Reply: No sub-directions are issued by the field office entrusted with the supplementary audit of this Company.

Place : Vijayawada
Date : 15-Feb-2022
UDIN : 22244506ACRRND3214



For M.N.Rao & Associates
Chartered Accountants
Firm Reg. No: 005386S
Phaneesh Reddy
(M. Phaneesh Reddy)
Partner
Membership No.:244506

ANNEXURE "C" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Andhra Pradesh State Beverages Corporation Limited for the year ended 31st March 2021)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of THE ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED ("the Company") as of 31st March 2021 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 Management of the Company 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 issued by the Institute of Chartered Accountants of India. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility:

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting of the Company.

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 authorisations of management and directors of the company; and



- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion:

According to the information and explanations given to us, the Company has not established its internal financial controls system over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March 2021.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our standalone financial statements of the company and the disclaimer does not affect our opinion on the standalone financial statements of the company.

Place : Vijayawada
Date : 15-Feb-2022
UDIN : 22244506ACRRND3214



For M.N.Rao & Associates
Chartered Accountants
Firm Reg. No: 005386S
Phaneesh Reddy
(M. Phaneesh Reddy)
Partner
Membership No.:244506

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Balance Sheet as at 31st March 2021

(Amount in Rupees)

Particulars	Note No.	As at	
		31st Mar 2021	31st Mar 2020
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	5,00,000	5,00,000
(b) Reserves and surplus	3	42,99,94,627	47,30,30,682
		43,04,94,627	47,35,30,682
2 Share Application Money Pending Allotment		0	0
3 Non-current liabilities			
(a) Long-term borrowings		0	0
(b) Deferred tax liabilities (Net)		0	0
(c) Long-term provisions		0	0
		0	0
4 Current liabilities			
(a) Short-term borrowings	4	14,00,00,00,000	10,00,00,00,000
(b) Trade payables		0	0
(c) Other current liabilities	5	7,23,07,30,674	8,03,76,78,769
(d) Short-term provisions	6	26,62,450	36,58,08,682
		21,23,33,93,124	18,40,34,87,451
TOTAL		21,66,38,87,751	18,87,70,18,133
II. ASSETS			
1 Non-current assets			
(a) Property Plant and Equipments			
(i) Tangible assets	7	20,53,22,359	23,19,13,087
(ii) Intangible assets		0	0
(iii) Capital work-in-progress		0	0
(b) Non-current investments		0	0
(c) Long-term loans and advances	8	6,35,02,563	15,85,42,362
(d) Deferred tax assets	9	14,48,59,271	9,47,67,056
(e) Other non-current assets		0	0
		41,36,84,193	48,52,22,505
2 Current assets			
(a) Current Investments		0	0
(b) Inventories		0	0
(c) Trade receivables	10	-	57,64,39,412
(d) Cash and cash equivalents	11	3,63,74,71,662	17,59,50,19,674
(e) Short-term loans and advances	12	17,48,22,72,335	9,77,77,300
(f) Other current assets	13	13,04,59,557	12,25,59,240
		21,25,02,03,555	18,39,17,95,625
TOTAL		21,66,38,87,751	18,87,70,18,133

The Accompanying Notes 1 to 31 are integral part of the Financial Statements

S.Siva Prasad, DGM (F&A) (FAC)

On behalf of the Board of Directors

Dr. Rajat Bhargava, IAS
Chairman
DIN: 08529091

D.Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408

As per our report of even date attached
for M.N.RAO & ASSOCIATES

Chartered Accountants
Firm Reg. No: 005386S

(M.Phaneesh Reddy)
Partner

Membership No: 244506



Place: Vijayawada

Date: 15-Feb-2022



UDIN: 22244506ACRRND3214

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Statement of Profit and Loss for the year ended 31st March 2021

(Amount in Rupees)

Particulars	Note No.	For the year ended 31st Mar 2021	For the year ended 31st Mar 2020
I. Revenue from operations	14	1,80,74,03,13,972	89,99,97,93,672
II. Other income	15	1,02,96,64,763	2,84,92,230
III. Total Revenue (I + II)		1,81,76,99,78,735	90,02,82,85,902
IV. Expenses:			
Cost of materials consumed		0	0
Purchases of Stock-in-Trade	16	1,75,21,26,46,593	86,45,71,15,276
Changes in inventories of Finished Goods, WIP & Stock-in-trade		0	0
Employee benefit expenses	17	35,36,28,060	31,77,48,872
Finance Cost	18	1,00,32,63,726	62,07,854
Depreciation	7	11,77,46,781	7,66,06,944
Other expenses	19	5,47,80,00,228	3,11,78,48,392
Total expenses		1,82,16,52,85,388	89,97,55,27,338
V. Profit before exceptional items and tax (III-IV)		(39,53,06,653)	5,27,58,564
VI. Exceptional item	21	30,41,90,433	0
VII. Profit before tax (V- VI)		(9,11,16,220)	5,27,58,564
VIII Tax expense:			
Current tax		20,12,050	1,93,80,040
Deferred tax	22	(5,00,92,215)	(40,16,746)
IX Profit for the year (VII-VIII)		(4,30,36,055)	3,73,95,270
X Earnings per equity share:			
Basic & diluted earnings per share		(86,072)	74,791

The Accompanying Notes 1 to 31 are integral part of the Financial Statements

S.Siva Prasad, DGM (F&A) (FAC)

On behalf of the Board of Directors

Dr. Rajat Bhargava, IAS
Chairman
DIN: 08529091

D.Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408

As per our report of even date attached
for M.N.RAO & ASSOCIATES

Chartered Accountants
Firm Reg. No: 005386S

(M.Phaneesh Reddy)

Partner

Membership No: 244506



2/4

Place: Vijayawada

Date: 15 Feb 2022



UDIN: 22244506ACRRNO3214

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Cash Flow statement for the Year ended on 31st March 2021

Particulars	Current Year 2020-21		Previous Year 2019-20	
	Rs.		Rs.	
A) Cash flow arising from Operating Activities				
Net Profit/ (loss) before tax as per Profit and Loss Account		(9,11,16,220)		5,27,58,564
Add/(Less):				
Interest Income	(2,60,47,307)		(1,83,53,414)	
Depreciation	11,77,46,781		7,66,06,944	
Adjustment of Non Cash items				
- Reversal of Provision for GST & Service Tax and ITC	(30,41,90,433)		-	
- Write off of Assets	-		2,25,181	
Interest and finance Charges (Net)	1,00,32,63,726		62,07,854	
		79,07,72,767		6,46,86,565
Operating Cash Profit Before Working Capital changes		69,96,56,547		11,74,45,129
Changes in working capital				
(Increase)/Decrease in Trade Receivables	57,64,39,412		(24,55,62,878)	
(Increase)/Decrease in Other current assets	(4,14,14,558)		(1,12,00,413)	
(Increase)/Decrease in Loans and Advances	(17,38,44,95,035)		(3,31,14,359)	
Increase/(Decrease) in Trade and other payables	-		-	
Increase/(Decrease) in Other Current Liabilities	(80,69,48,095)		8,00,64,32,453	
		(17,65,64,18,277)		7,71,65,54,803
Less: Direct Taxes paid (Net of Refunds)		(2,94,59,238)		(13,48,13,005)
Net Cash inflow in the course of operating activities (A)		(16,98,62,20,968)		7,69,91,86,928
B. Cash flow arising from Investing Activities				
Inflow				
Long Term Loans And Advances	9,50,39,799		(15,34,61,105)	
Interest income	2,60,47,307		1,83,53,414	
		12,10,87,106		(13,51,07,691)
Outflow				
Acquisition of fixed assets	(9,11,56,053)		(29,58,84,672)	
		(9,11,56,053)		(29,58,84,672)
Net Cash outflow in the course of investing activities (B)		2,99,31,053		(43,09,92,363)
C. Cash flow from Financing Activities				
Inflow				
Increase in Working Capital Loan from a Bank	4,00,00,00,000		10,00,00,00,000	
		4,00,00,00,000		10,00,00,00,000
Outflow				
Interest paid	(1,00,12,58,094)		(21,61,202)	
		(1,00,12,58,094)		(21,61,202)
Net cash outflow in the course of Financing activities (C)		2,99,87,41,906		9,99,78,38,798
Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)		(13,95,75,48,009)		17,26,60,33,360
Add: Balance at the beginning of the year		17,59,50,19,674		32,89,86,314
Cash/Cash equivalent at the close of the year		3,63,74,71,665		17,59,50,19,674

S.Siva Prasad, DGM (F&A) (FAC)

Rajaram
Dr. Rajat Bhargava, IAS
Chairman
DIN: 08529091

S. Siva Prasad
on behalf of Board of Directors

D. Vasudeva Reddy
D. Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408



As per our report of even date attached
for M.N.RAO & ASSOCIATES

Chartered Accountants

Firm Reg. No: 005386S

Phaneesh Reddy
(M. Phaneesh Reddy)

Partner

Membership No: 244506



UDIN: 22244506ACRRND3214

Place: Vijayawada

Date: 15-Feb-2022

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ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2020-21

Note 2 - Share Capital

(Amount in Rupees)

	As at 31st Mar 2021	As at 31st Mar 2020
Authorised		
1,000 Equity shares of Rs.1000/- each	10,00,000	10,00,000
Issued, Subscribed and Paid up		
500 Equity Share of Rs.1000/- each fully paid	5,00,000	5,00,000
Total	5,00,000	5,00,000

NOTE:

As per G.O.Ms.No.272, dt:16.07.2015 the Authorised Share Capital of the Corporation shall be Rs.10,00,000/- with initial Paidup Capital of Rs.5,00,000/-.

The number of Shares hold on behalf of the Governor of Andhra Pradesh, who will hold 494 Shares of the face value of Rs. 1,000/- each of the Corporation i.e, APSBCL in favour of Deputy Secretary, Revenue (Ex) Department (Governor Representative)

The other authorised Subscribers to the MOA of the Corporation who will hold 1 Share each i.e, 6 members (Value of Rs.1,000/-) of the Corporation.

- 1) Commissioner of Prohibition & Excise
- 2) Director of Enforcement, Prohibition & Excise
- 3) Additional Commissioner, Prohibition & Excise
- 4) Assistant Secretary to Government, Rev(Ex) Department
- 5) Section Officer, Revenue (Ex-II) Department
- 6) Assistant Section Officer, Revenue (Ex-II) Department

Reconciliation of Number of Shares

Particulars	As at 31st Mar 2021		As at 31st Mar 2020	
	Number of Shares	Amount	Number of Shares	Amount
Openign Balance	500	5,00,000	500	5,00,000
Allotted during the year	0	-	0	-
Closing Balance	500	5,00,000	500	5,00,000

Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company

Name of the Shareholder	As at 31st Mar 2021		As at 31st Mar 2020	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Government of Andhra Pradesh	500	100%	500	100%

Note 3 - Reserves and Surplus

(Amount in Rupees)

Particulars	As at 31st Mar 2021	As at 31st Mar 2020
Surplus in Statement of Profit and Loss		
Opening balance	47,30,30,682	43,56,35,412
Add: Profit for the year	(4,30,36,055)	3,73,95,270
Closing balance	42,99,94,627	47,30,30,682
Total	42,99,94,627	47,30,30,682



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2020-21

Note 4 : Short-term Borrowings

(Amount in Rupees)

Particulars	As at 31st Mar 2021	As at 31st Mar 2020
Secured Loans:		
Line of Credit by way of short term loan from Bank of Baroda	14,00,00,00,000	10,00,00,00,000
Total	14,00,00,00,000	10,00,00,00,000

4.1 Nature of Security, Terms of Repayment and Guarantee for Short Term Loan taken from Bank of Baroda

Government of Andhra Pradesh had issued G.O.MS No.100 on 31-03-2020 for APSBCL to avail Rs.1400 Cr working capital loan from Scheduled commercial banks with Government Guarantee, subject to usual terms and conditions of extending Government Guarantee, to clear the backlog payments to the suppliers of IMFL & FL. In this regard, an amount to a tune of Rs.1,000 Crores was disbursed by the Bank of Baroda Benz circle Branch on 31-Mar-2020. Balance amount of Rs. 400 Crores was disbursed by the Bank of Baroda, benz circle Branch during the year 2020-21.

Primary Security:

First charge on receivables of the Corporation, present and future including receivables from Govt. routed through Corporation towards payment to suppliers of IMFL/ FL etc

Collateral Security & terms of guarantee:

No Collateral Security.

Unconditional and Irrecoverable guarantee of Govt of AP guaranteeing the repayment of principal and interest

Repayment:

Facility sanctioned for a period of one year. Drawings under this facility to be allowed in tranches with tenor of 180 days. Principal to be repaid in single bullet payment at the end of each tranche. Interest to be serviced as and when debited.

Note: 5 Other Current Liabilities

(Amount in Rupees)

Particulars	As at 31st Mar 2021	As at 31st Mar 2020
Statutory Dues:		
Provident Fund payable	26,58,538	30,84,763
TDS deducted under Income Tax Act and payable	75,82,730	1,13,16,921
TDS deducted under GST Act and payable	15,65,557	2,09,095
Profession Tax payable	68,600	48,950
Liability under GST Act	13,70,917	2,09,221
RCM under GST Act and payable	53,72,694	27,91,684
Dues to Excise Dept and APBCL:		
Payable to Commissioner of Prohibition & Excise (CPE), Govt. of AP [Note 20a]	3,03,49,74,066	7,44,57,81,295
Payable to Suppliers and others on behalf of CPE, Govt. of AP [Note 20b]	3,64,13,64,712	-
Payable to APBCL(Recoveries)	1,24,766	1,25,728
Others:		
Salaries & Wages payable	10,41,068	16,78,479
Stale cheques payables	2,80,095	50,579
EMD/SD payable	1,30,07,721	9,48,966
Interest accrued on Short Term Loan from BOB	27,80,822	21,61,202
Other payables	51,85,38,388	56,92,71,887
Total	7,23,07,30,674	8,03,76,78,769



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2020-21

Note 6 : Short-term Provisions

(Amount in Rupees)

Particulars	(Amount in Rupees)	
	As at 31st Mar 2021	As at 31st Mar 2020
Provision for Employee Benefits	-	-
Provision for Others:		
Provision for Income Tax including accrued interest	26,62,450	5,76,98,387
Provision for Service Tax on commission income from CPE, GoAP [Note 22]	-	9,50,18,223
Provision for GST on commission income from CPE, GoAP [Note 22]	-	21,30,92,072
Total	26,62,450	36,58,08,682



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Notes forming part of the financial statements for the FY 2020-21

Note : 7 : Property, Plant and Equipment

Block	Rate (%)	Gross Block (At Cost)				Depreciation			Net Block	
		Balance as at 1st Apr 2020	Addition/ Adjustment	Deduction/ Adjustment	Balance as at 31st Mar 2021	Balance as at 1st Apr 2020	For the Year	Deduction / Adjustment	Balance as at 31st Mar 2021	Balance as at 31st Mar 2021
Tangible Assets										
Electrical Assets	25.89%	31,33,237	7,67,52,368	-	7,98,85,605	13,92,601	10,32,156	-	24,24,757	7,74,60,848
Computer items	63.16%	23,26,42,457	77,92,698	-	24,04,35,155	6,71,28,706	10,84,37,382	-	17,55,66,088	6,48,69,067
Air Conditioners	25.89%	31,12,565	4,16,680	-	35,29,245	15,49,342	4,74,440	-	20,23,782	15,05,463
Office Equipments	45.07%	1,49,70,373	38,72,418	-	1,88,42,791	53,56,115	56,78,399	-	1,10,34,514	78,08,277
Furnitures	25.89%	6,07,47,696	23,21,889	-	6,30,69,585	93,75,852	13,36,964	-	1,07,12,816	5,23,56,770
Generators	45.07%	16,82,000	-	-	16,82,000	7,52,211	4,19,056	-	11,71,267	5,10,733
Vehicles	31.23%	24,00,960	-	-	24,00,960	12,21,375	3,68,384	-	15,89,759	8,11,201
Total		31,86,89,289	9,11,56,053	-	40,98,45,342	8,67,76,203	11,77,46,781	-	20,45,22,983	20,53,22,359
Provision for depreciation		2,30,29,798	29,58,84,672	3,25,191	31,86,89,289	1,01,69,259	7,66,06,944	-	8,57,76,202	23,19,13,087



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2020-21

Note 8 : Long Term Loans & Advances

(Amount in Rupees)

Particulars	As at 31st Mar 2021	As at 31st Mar 2020
Unsecured and considered good:		
Deposits - Telephone	10,000	10,000
Deposits - Rents	1,26,442	1,26,442
Deposits - Units	6,33,66,121	15,84,05,920
Total	6,35,02,563	15,85,42,362

Note 9 : Deferred Tax Assets

(Amount in Rupees)

Particulars	As at 31st Mar 2021	As at 31st Mar 2020
On account of timing differences in Income Tax [Note 22]		
- due to depreciation	1,60,36,187	49,92,922
- due to disallowance u/s 43B for unpaid provision for G.T.T and Service tax	-	8,97,21,718
- due to disallowance for non-deduction of TDS	1,25,798	52,416
- due to unabsorbed business loss	12,86,97,286	-
Total	14,48,59,271	9,47,67,056

Note 10 : Trade Receivables

(Amount in Rupees)

Particulars	As at 31st Mar 2021	As at 31st Mar 2020
Unsecured and considered good:		
Commission remuneration receivable on wholesale trade from CPE, GoAP *		
- for a period exceeding 6 months from the due date of payment	-	20,15,70,018
- Others	-	37,48,69,394
Total	-	57,64,39,412

*Ageing of the Remuneration receivable is based on the date of submission of claims by the corporation to CPE.

Note 11 : Cash & Cash Equivalents

(Amount in Rupees)

Particulars	As at 31st Mar 2021	As at 31st Mar 2020
Balance with Banks		
- In Current Accounts	60,66,18,851	11,04,66,82,795
- In Deposit Accounts	17,97,82,742	16,92,84,135
- In Sweeping Accounts	1,15,91,09,868	29,95,44,749
Cash on hand		
- At Head Office & Depots	10,25,975	19,93,532
- At retail outlets	50,98,15,660	5,25,27,455
Remittance in Transit		
- From retail outlets	7,94,67,116	-
- From Bars and In-House License	2,59,82,075	-
Green Channel PD	1,07,56,69,376	6,02,49,87,007
Total	3,63,74,71,662	17,59,50,19,673



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2020-21

Note 12 : Short Term Loans & Advances

(Amount in Rupees)

Particulars	As at 31st Mar 2021	As at 31st Mar 2020
Unsecured and considered good:		
Advance to Excise Dept, Govt. of AP/ Amounts paid on b. half of CPE [Note-20c]	17,46,86,32,674	7,49,10,979
Advance to Retail outlets for meeting regular maintenance expenses	83,97,304	1,95,46,970
Advance to Capital Expenditure	15,00,000	15,00,000
Advance to APBCL	10,00,000	10,00,000
Advance to Employees	2,40,949	3,38,150
Advance to Others	25,01,408	4,81,201
Total	17,48,22,72,335	9,77,77,300

Note 13 : Other Current Assets

(Amount in Rupees)

Particulars	As at 31st Mar 2021	As at 31st Mar 2020
Accrued Incomes:		
Accrued Interest on Fixed Deposits	36,24,812	80,88,676
Interest on Staff Advances	28,947	-
Others:		
Prepaid Expenses	1,41,84,703	60,38,851
Other Recoverables at Units	36,32,429	1,65,57,238
Receivable from CPE	5,47,172	5,52,572
Receivable from APBCL	59,000	59,000
Income Tax:		
Refund receivable from Income Tax Dept	5,58,88,572	-
TDS on remuneration from GoAP	4,77,09,768	8,54,82,951
TDS on interest on fixed deposits from banks	47,84,154	18,60,090
GST:		
Input tax credit under GST Act [Note 21]	-	18,84,558
Input tax credit under IGST Act [Note 21]	-	19,08,194
Input tax credit of GST paid under reverse charge [Note 21]	-	1,27,110
Total	13,04,59,557	12,25,59,240



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Notes forming part of the financial statements for the FY 2020-21

Note 14 : Revenue from operations

(Amount in Rupees)

Particulars	For the year ended 31st Mar 2021	For the year ended 31st Mar 2020
Sale of Products:		
Revenue from Retail trade of Liquor, IMFL and Beer at APSBCL Retail Outlets	1,80,26,31,40,710	89,20,44,53,680
Sale of Services:		
Commission Income from CPE, Govt. of AP for Wholesale trade of Liquor	47,71,73,262	79,53,39,992
Total	1,80,74,03,13,972	89,99,97,93,672

Note 15 : Other Income

(Amount in Rupees)

Particulars	For the year ended 31st Mar 2021	For the year ended 31st Mar 2020
Interest on Fixed Deposits with Bank	66,44,470	1,17,27,417
Interest on Current/ Sweeping Accounts with Bank	43,56,673	66,25,997
Interest on Advances to employees	28,947	825
Misc. Other Income	1,52,15,377	1,01,37,991
Incomes received to offset the Interest paid on Bank Loan:		
Interest on Escrow Account with Bank	1,50,46,164	-
Cash Discount on payments to suppliers of CPE	32,76,52,671	-
Balance interest on loan to be reimbursed by CPE	66,07,20,461	-
Total	1,02,96,64,763	2,84,92,230

Note 16 : Purchases of Stock-in-Trade

(Amount in Rupees)

Particulars	For the year ended 31st Mar 2021	For the year ended 31st Mar 2020
Purchases of liquor for Retail Outlets from CPE, Govt. of AP	1,75,21,26,46,593	86,45,71,15,276
Total	1,75,21,26,46,593	86,45,71,15,276

Note 17 : Employee Benefit Expenses

(Amount in Rupees)

Particulars	For the year ended 31st Mar 2021	For the year ended 31st Mar 2020
Salaries, Wages & Allowances	32,22,19,321	27,87,00,406
Contribution to PF & ESI	2,19,27,447	2,61,91,523
Contribution to CPS	5,55,876	4,46,708
Staff Welfare Expenses	25,280	44,88,185
Gratuity To Employees	89,00,136	79,22,050
Total	35,36,28,060	31,77,48,872



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Notes forming part of the financial statements for the FY 2020-21

Note 18 : Finance Cost

(Amount in Rupees)

Particulars	For the year ended 31st Mar 2021	For the year ended 31st Mar 2020
Interest on Short Term Loan from Bank of Baroda	1,00,12,58,094	21,61,202
'Interest on Income Tax' relating to current period	20,05,632	40,46,652
Total	1,00,32,63,726	62,07,854

Note 19 : Other Expenses

(Amount in Rupees)

Particulars	For the year ended 31st Mar 2021	For the year ended 31st Mar 2020
Advertisement	20,80,672	1,01,74,973
Audit Fee to Statutory Auditors	6,00,000	6,18,000
Bank Charges	10,57,24,431	10,38,19,412
General Expenses	3,40,72,112	2,83,72,217
GST Input Tax paid [Note 22]	60,85,76,922	17,94,23,547
Insurance	63,67,789	74,08,980
Office Maintainance	4,69,84,216	13,18,68,985
Outsourcing & Security Services	3,03,38,96,315	1,64,40,84,383
Postage & Telephones	1,47,00,937	1,32,62,085
Power & Fuel	5,21,96,557	2,84,59,190
Printing & Stationary	83,70,324	1,49,90,205
Professional Charges	9,35,65,905	5,26,00,152
Rates & Taxes	1,29,04,032	22,93,877
Rent on IMFL Depots	4,31,12,402	4,24,60,482
Rent on Office Building	26,92,256	23,72,256
Rent on Retail Outlets	71,58,03,208	44,10,39,752
Repairs & Maintenance	1,58,59,538	2,34,69,489
Track & Trace Expenses for Beer	5,00,00,000	-
Transportation Charges	58,70,44,966	32,52,17,395
Travelling & Conveyance	1,65,50,549	1,17,46,918
Vehicle Hire Charges	2,68,97,095	5,39,40,912
Write off other assets	-	2,25,181
Total	5,47,80,00,228	3,11,78,48,392



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Notes forming part of the Financial Statements for the year ended 31st March, 2021

1) Corporate Information and Significant Accounting Policies

A) Corporate Information:

As per the Government G.O.M.s.No.272, Revenue (Ex.II) Department, dt:16-07-2015, incorporated a new Company in the name and style of the **ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED (APSBCL)** as a public limited company as per the Companies Act, 2013, and registered with the Registrar of Companies, Hyderabad on August, 12th, 2015 under the CIN No.U15400AP2015SGC097161. The actual business activity of the corporation commenced only from 23-05-2016. The corporation is in the business of wholesale and retail trade, export & import of IMFL & FL in the State of Andhra Pradesh as an agent on behalf of the Government. The Corporation also got the exclusive privilege of selling by shop for the whole of Andhra Pradesh w.e.f. 01.10.2019.

B) Basis of accounting

The Corporation following the mercantile system of accounting and recognizes income and expenditure on accrual basis unless stated to be otherwise. The accounts are prepared on historical cost basis as a going concern. Accounting policies are consistent with generally accepted accounting principles.

C) Significant Accounting Policies

a) Fixed Assets:

Fixed Assets are stated at cost of acquisition inclusive of freight, taxes and incidental expenses less accumulated depreciation.

Depreciation:

The depreciation on Fixed Assets is provided on written down value method at the rates and in the manner specified in Schedule II of the Companies Act, 2013

Name of the Block	Useful Life
Electrical Asset	10 years
Computer Items	3 years
Air Conditioners	10 years
Office Equipment	5 years
Furniture	10 years
Generators	5 years
Vehicles	8 years

b) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

c) Investments

Company does not have any investments.

d) Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.



e) **Accounting for Taxes on Income**

Income tax expense is the aggregate amount of current tax and deferred tax expenses incurred by the company. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – “Accounting for Taxes on Income” respectively. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management’s judgement as to whether their realization is considered as reasonably certain. Deferred Tax Assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future profits.

f) **Revenue recognition**

Remuneration from the Commissioner of Proh. & Excise, Govt of AP for Wholesale Trade

Government of Andhra Pradesh had issued G.O.MS No.98 on 10.03.2016 to provide 0.5% Remuneration to Corporation on wholesale price for all the activities carried by APSBCL as an agent on behalf of the Government of Andhra Pradesh in connection with wholesale trade and for providing various services as specified Govt. order. The Government of Andhra Pradesh is here by authorized the Commissioner of Proh. & Excise, to release, towards such remuneration, to APSBCL such amounts from time to time from the sale proceeds remitted in the P.O.A of the Government. However, the above said remuneration shall be accrued to the corporation periodically i.e, Monthly Basis in accordance with AS9.

The price on which the remuneration of 0.5% is payable as per the above para is determined as under:
Basic Price + Excise Duty/CVD+VAT on (Basic Price + Excise Duty/ CVD)

Margin on Retail Trade of Alcoholic liquor in the Retail outlets

APSBCL has been granted exclusive privilege of retailing in Indian Made Foreign Liquor & Foreign Liquor by Shop for the whole State of Andhra Pradesh. The Government of Andhra Pradesh has issued G.O.MS No.373 Revenue (Ex-II) Department on 22-08-2019 to fix (3500) Shops for 2019-20 and the APSBCL will run these Shops from 01.10.2019. The Government of Andhra Pradesh has issued G.O.MS No.373 Revenue (Ex-II) Department on 22-08-2019 to fix (3500) Shops for 2019-20 and the APSBCL will run these outlets. A remuneration of 0.5% is allowed to the APSBCL for the activities entrusted to the Corporation regarding wholesale Trade Export and import of IMFL and FL which is conducted by the Commissioner of Prohibition and Excise at present. The APSBCL is allowed 4% retailing margin to meet the retailing expenditure vide G.O.MS No.423 Revenue (Ex-II) Department on 30-09-2019. The APSBCL is allowed 6% retailing margin to meet the retailing expenditure vide G.O.MS No.294 Revenue (Ex-II) Department on 01-10-2020.

While the Wholesale Trade, Export and import of IMFL and FL is carried on by the Commissioner of Prohibition and Excise, retailing in IMFL and FL will be conducted by the APSBCL as per the policy guidelines issued by the Government in the references cited. APSBCL shall draw stock for the retail trade from the Commissioner of Prohibition and Excise.

The retail outlets shall draw liquor / beer stocks from the wholesale Government IMFL Depots, which are maintained by the Commissioner of Prohibition and Excise. Drawing of stocks by retail outlets of APSBCL shall be considered as purchase only to the extent of sale affected at the retail outlets maintained by APSBCL.

Sale of liquor shall be done at MRP i.e., Basic Cost + Excise duty / Custom duty + Assessment fee +VAT on sale + 0.5% commission + VAT on commission + Additional Excise duty + Special Privilege fee + GRO Operational Expenditure + Retail Excise duty + Additional Privilege fee + ARET



The sale proceeds in respect of APSBCL retail outlets shall be remitted into the Government treasury as per the guidelines issued by the Government, after deducting 4% margin till September 2020 and margin has been increased to 6% vide G.O.MS No.294 Revenue (Ex-II) Department on 01-10-2020 allowed which shall be the purchase cost i.e., MRP minus GRO Operational Expenditure. W.e.f. 01-10-2020, basic price, customs duty, special privilege fee, additional privilege fee, commission is also being retained for direct payment from the Corporation.

Till the sale is affected at the retail outlets, ownership of liquor / beer stocks lies with the suppliers of distilleries. In the case of theft or misuse of liquor /beer, the landed cost may be compensated to the suppliers by the Corporation. APSBCL shall be responsible for any breakages incurred at the retail outlets. APSBCL shall be responsible for the breakages that occur during the transportation of liquor from depot to Retail outlet (F3 breakages) and for the breakages that occur at the retail outlets (F4 breakages). These breakages are recovered by APSBCL at MRP (Maximum Retail Price). The amount is collected and it is shown under other current liabilities.

Hence, Sale of alcoholic liquor at the Retail outlets shall be recognized as Income to the corporation in accordance with AS9.

Interest Income from Banks and Other Advances

Interest for Staff Advances and Bank Deposits are recognized in the Books as and when accrued in accordance with AS9.

g) Employee Benefits

Liability for employee benefits, both short & long term, for present and past services which are due as per the terms of employment are recorded in accordance with "Accounting Standard 15" Employee Benefits. Employee Benefits include Provident Fund, Employee state Insurance scheme, gratuity fund and other compensated absences. Liability in respect of Employee Benefits i.e. Both Short Term and Long Term are recognized on periodical basis i.e. as and when they are due. However, the measurement in respect of those employee Benefits are measured in accordance by complying the provisions of respective Laws, regulations, and in accordance with AS15 "Employee Benefits"

The accounting policy adopted by the corporation in respect of deputed employees is as follows:

1. Salary in respect of deputed employees whether from Excise Department or any other department or from any corporation of state government or central government is paid as per the Basic salary and other benefits received by such employee from the parent department or corporation as the APSBCL has not adopted any service rules.
2. All the Investments and actuarial risks in respect of deputed employees shall be borne by the APSBCL as the employees are deputed and worked under the APSBCL.

h) Foreign Currency Transactions

There are no foreign currency transactions during the year under consideration.

i) Earnings Per Share

Basic Earnings per share (EPS) is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items if any) by the weighted average number of equity shares outstanding during the period. Since the corporation does not have any convertible securities both basic and diluted EPS will be the same.

j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted in the financial statements.



Other Explanatory information:

20) a) **Amount payable to Commissioner of Prohibition & Excise Department Govt. of Andhra Pradesh:**

Amount stated as payable to CPE under Note-5 includes the following:

Particulars	Current Year 2020-21	Previous Year 2019-20
(a) Amount received for payments to suppliers on behalf of CPE (*)	55,34,71,604	5,38,42,63,675
(b) Amount received from CPE towards margin on retail sales and Sale amount short remitted to CPE (**)	1,10,07,29,765	1,11,79,84,690
(c) Sale proceeds (CPE dues) on hand at Retail outlets as at year-end	43,22,98,112	-
(d) TDS on commission received and remitted after the year-end	49,41,655	-
(e) Amount received for establishment of Retail outlets	93,00,00,000	93,00,00,000
(f) Towards DCs Receipt	47,47,326	47,47,326
(g) Advance received from CPE	10,22,915	10,22,915
(h) Others	77,62,689	77,62,689
Total	3,03,49,74,066	7,44,57,81,295

* Net of Rs.43,96,56,232/- adjusted in 2020-21 towards Bank loan interest to be reimbursed by CPE

** Net of Rs.20,56,40,922/- adjusted in 2019-20 towards excess remittance of sale proceeds to CPE and Net of Rs.73,21,46,262/- and Rs.21,10,64,229/- adjusted in 2020-21 towards commission receivable from CPE and Bank loan interest to be reimbursed by CPE respectively

b) **Amount payable to Suppliers and others on behalf of CPE, Govt. of AP:**

Amount stated as payable to Suppliers and others under Note-5 includes the following:

Particulars	Current Year 2020-21	Previous Year 2019-20
(a) Excise Duty held in Escrow Account (including amount receivable from CPE for excise duty on stocks as on 30-Sep-2020)	1,60,25,20,956	-
(b) Payable to suppliers for basic price, customs and excise duty on stocks sold	1,77,75,09,050	-
(c) Privilege Fee payable to Chief Minister Relief Fund	15,83,44,554	-
(d) Privilege Fee payable to Sports Authority of Andhra Pradesh	83,33,925	-
(e) TCS payable to Income Tax department on bar sales	3,07,05,635	-
(f) Privilege fee and VAT on privilege fee payable on club sales	30,71,182	-
(g) Unbilled challans of Bars and In-house licenses	6,08,79,410	-
Total	3,64,13,64,712	-



c) Advance paid to Excise Dept, Govt. of AP/ amounts paid on behalf of CPE:

Amount stated as receivable from CPE under Note-12 includes the following:

Particulars	Current Year 2020-21	Previous Year 2019-20
(a) Advance to Excise Dept, Govt. of AP for various payments made on their behalf	8,96,28,690	7,49,10,979
(b) Payments made to backlog supplier payments (out of bank loan)	13,89,95,98,729	-
(c) Payments made to supplier dues upto Sep 2020 (above bank loan)	1,55,84,52,540	-
(d) Excise duty on stocks as on 30-Sep-2020 receivable from CPE (to the extent such stocks are sold on or before 31-Mar-2021)	83,56,28,926	-
(e) Basic Price, Customs Duty & TCS for Bar sales paid by APSBCL and receivable from CPE from 0 -Oct-2020 to 26-Nov-2020	71,20,69,050	-
(f) TCS and TDS paid on behalf of CPE	37,32,54,739	-
Total	1746,86,32,674	7,49,10,979

21) **Provision for GST and Service Tax Liability and unutilized GST Input Tax Credit:**

The Corporation has not remitted any Service Tax or GST on 0.5% commission received from CPE in relation to wholesale trade of liquor and on the revenue generated from retail trade of liquor from Oct-2019. However, due to pending Advance ruling decision in case of Service Tax and lack of certainty regarding GST liability, the Corporation has created provisions in respect of Service Tax and GST on grounds of prudence till 31-Mar-2019. Accordingly, Provision for GST, Provision for Service Tax and un-utilized GST Input Tax credit of Rs.9,50,18,223/-, Rs.21,91,02,755/- and Rs.39,19,862/- respectively are accounted and disclosed in Note 6 and Note 13.

However, from the year 2019-20, management has resorted to expert's opinion and concluded that the corporation will not be liable to pay GST and Service Tax. Hence, no provision is made for any GST liability from FY 2019-20. Also, GST input tax credit of Rs.60,85,76,922/- (Previous Year: Rs.17,94,23,547/-) is recognized as cost under Note 19 - 'Other Expenses' for the FY 2020-21.

Opening balance in Provision for GST and Service tax of Rs.30,81,10,295/- [Note 6] and un-utilized GST input tax credit of Rs.39,19,862/- [Note 13] are reversed in FY 2020-21 and net amount of Rs.30,41,90,433/- is accounted as exceptional income. Corresponding deferred tax asset of Rs.8,97,21,718/- (Note 9) is also reversed by charging as expense to Profit & Loss A/c of FY 2020-21.

22) **Movement in Deferred Tax Asset:**

The deferred tax asset for the year 2020-21 due to timing differences between financial statements and taxation statements as per the applicable rate of taxation has been credited to Profit & Loss A/c as per the procedure prescribed in Accounting Standard 22 - 'Accounting for Taxes on Income' issued by ICAI.



On account of	Opening Balance of DTA	Reversal of DTA	Addition on account of change in tax rate	Addition on current year timing difference	Closing Balance of DTA
a) Depreciation	49,92,922	-	9,98,584	1,00,44,680	1,60,36,186
b) Provision for GST and Service tax disallowed	8,97,21,718	(8,97,21,718)	-	-	-
c) Expenses disallowed for non-deduction of TDS	52,416	-	10,483	62,899	1,25,798
d) Unabsorbed business loss	-	-	-	12,86,97,286	12,86,97,286
Total	9,47,67,056	(8,97,21,718)	10,09,067	13,88,04,865	14,48,59,270

Deferred tax expense during the year : Rs.8,97,21,718/-
Deferred tax income during the year : Rs. 13,98,13,933/-
Net deferred tax income during the year : Rs.5,00,92,215/-

23) **Accounting for stock under Breakages and Theft/ Misappropriation:**

As at the year-end, Corporation has stated an amount of Rs.4,64,64,898/- (Previous year: Rs. 2,36,52,815/-) towards breakages recovered from transporters during retail trade of liquor. Pending receipt of guidelines from the Government of Andhra Pradesh in respect of apportionment of this recovery, the amount so recovered is kept as liability under the head 'Other payables' under Note 5 - 'Other Current Liabilities'.

Further, during the year, Corporation has debited an amount of Rs.69,28,014/- (Previous year: Rs. 13,29,994/-) under the head 'General Expenses' under Note 19 - 'Other Expenses, towards the landed cost for liquor bottles under theft/ misappropriation to meet it's liability under retail trade with Govt. of Andhra Pradesh. Pending recovery and reconciliation of this amount, the amount so debited as expense is kept as liability under the head 'Other payables' under Note 5 - 'Other Current Liabilities'.

24) **Segment Reporting:**

The Board of Directors of the company is of the opinion that there are no separate reportable segments as per Accounting Standard 17 - 'Segment Reporting' since the operations of the company are in the nature of integrated system of function.

25) **Related Party Disclosures:**

Related party disclosures as stipulated by Accounting Standard 18 - 'Related Party Disclosures' are given below:

a) Related Parties and their relationships:

(i) Associates:

Andhra Pradesh Beverages Corporation Limited (APBCL)

(ii) Key Managerial Personnel

Mudavatu M Nayak, IAS

Managing Director, APBCL

Vasudeva Reddy, IRTS

Managing Director, APBCL

upto 12-Sep-2019

w.e.f. 13-Sep-2019



b) Related Party Transactions:

Related Party	Nature of Transaction		Current Year 2020-21	Previous Year 2019-20	
APBCL	Advance given	Opening Balance	10,00,000	-	
		Addition	-	10,00,000	
		Closing Balance	10,00,000	10,00,000	
	Other Receivables	Opening Balance	59,000	-	
		Addition	-	59,000	
		Closing Balance	59,000	59,000	
	Salary Recovery payable	Opening Balance	1,25,728	9,14,653	
		Recoveries	15,922	1,25,728	
		Paid	16,884	9,14,653	
		Closing Balance	1,24,766	1,25,728	
	Vasudeva Reddy, IRTS *	Salary and Allowances	Expenditure	16,33,292	7,83,709
			Liability	1,09,347	96,071

* Managing Director, APSBCL

There are no related party transactions with other persons in KMP and no directors remuneration/sitting fee is paid by the Corporation. As they are Government Servants, monthly salaries and other perquisites are provided to them by Govt. of AP

26) **Earnings per Share:**

Disclosures required under Accounting Standard 20 – 'Earnings per Share' are as follows:

Particulars	Current Year 2020-21	Previous Year 2019-20
Profit/(Loss) attributable to Equity Shareholders	Rs.(4,30,36,055)/-	Rs.3,73,95,270/-
Basic/ weighted number average number of equity shares outstanding during the year	500 No's	500 No's
Earnings per share (Basic & Diluted)	Rs.(86,072)/-	Rs. 74,791/-
Nominal Value of Equity Share	Rs.1000/-	Rs.1000/-

- 27) There are no contingent liabilities to be disclosed under Accounting Standard 29 – 'Provisions, Contingent Liabilities, Contingent Assets' by the Corporation as at 31-Mar-2021 and 31-Mar-2020.
- 28) Presentation of Balance Sheet, Profit & Loss Account and Notes to Accounts are in terms of the Schedule III of the Companies Act, 2013. The assets and liabilities have been classified as current and non-current based on the 12-months operating cycle.
- 29) Based on the information available with the Company, there are no suppliers who are registered as micro and small enterprises under the provisions of Micro, Small and Medium Enterprises Development Act, 2006. Hence, no amounts are stated as due to Micro and Small Enterprises in the Balance Sheet as at 31-Mar-2021 and 31-Mar-2020.



- 30) Vide Ordinance no. 15 of 2021 dated 03-09-2021, the Corporation has attained the status of statutory body for the purpose of implementation of government welfare programs to the members of scheduled castes, scheduled tribes and backward classes.
- 31) Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

S.Siva Prasad, DGM (F&A) (FAC)

On behalf of the Board of Directors

Dr. Rajat Bhargava, IAS
Chairman
DIN: 08529091

D.Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408

Place: Vijayawada

Date: 15-Feb-2022



As per our report of even date
for M.N.RAO & ASSOCIATES

Chartered Accountants

Firm Reg. No: 005386S

(M.Phaneesh Reddy)

Partner

Membership No: 244506

UDIN: 22244506ACRRND3214





INDEPENDENT AUDITOR'S REPORT

To
The Members of
ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Report on the Financial Statements:

Qualified Opinion:

We have audited the accompanying financial statements of **ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED** (the Company'), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss and the Statement of Cash Flows for the year ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects for the possible effects of the matters described on the Basis for Qualified Opinion section of our Report, 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 accounting principles generally accepted in India.

- In case of accompanying Balance Sheet, of state of affairs of the Company as at **31st March 2022**,
- In case of accompanying Statement of Profit and Loss, of **Profit** of the Company for the year ended as at **31st March 2022** and
- In case of accompanying Statement of Cash Flow, of cash flows for the year ended as at **31st March 2022**.

Basis for Qualified Opinion:

1. Short term loan from Bank of Baroda: During the year 2019-20, the Corporation has obtained short term loan from Bank of Baroda for an amount of Rs.1400 crores. Of this loan, an amount of Rs.1000 Crores is released by the bank on 31-Mar-2020, balance of Rs.400 Crores is released during the FY 2020-21 and total amount of Rs.1400 Crores is outstanding in the books of Corporation as on 31-March-2022.

The said loan is sanctioned to meet the short-term fund requirement of the corporation for supplier payments/procurement and distribution of liquor. Whereas, no working capital fund requirement is noticed either for the Corporation or for the Commissioner of Prohibition and Excise (CPE) as the business model involved sales on cash basis and purchases on full credit basis with obligation to pay out of sale proceeds collected. This Corporation has remitted the sale proceeds (after deducting its margin) to CPE from time to time and there are no book debts/ receivables on account of this activity either for the Corporation or for the CPE. However, this Corporation has been ordered to pay the backlog supplier payments of CPE by availing a short-term loan from Bank of Baroda.



TIRUPATI	: H.No.18-1-670, Bhavani Nagar, Tirupati, Chittoor Dist-517501, Andhra Pradesh
VIJAYAWADA	: H.No.TF-3, 4th Floor, Madhu Towers, Srinivasa Nagar, Eluru Road, Vijayawada – 520010, A.P.
HYDERABAD	: H.No.8-3-678/70, 1st Floor, Pragathi Nagar, Srinagar Colony Extn, Hyderabad – 500045, Telangana.
VISAKHAPATNAM	: H.No. 53-16-105/B, Shivalayam Street, Maddalapalem, Visakhapatnam, Andhra Pradesh – 530013.
SPSR NELLORE	: H.No.13-109, Raja Street, Gudur – 524101, Nellore Dist, Andhra Pradesh.
GUNTUR	: H.No. 6-15-46, 15th Lane, Arundalpet, Guntur – 522002, Andhra Pradesh.
YSR KADAPA	: H.No. 21/697-2, OPP Bank of Baroda, 7 Roads, YSR Kadapa – 516001, Andhra Pradesh.

The said loan is secured by hypothecation of book debts and receivables and guarantee of the State Government. Nature of book debts stated in hypothecation deed is not in line with business model of Corporation. Charge is registered with ROC for Rs. 1400 crores on 31-Mar-2020. However, Security for the loans essentially non-existent at the time of sanction of loan and the amount availed is disbursed to suppliers on behalf of CPE during FY 2020-21 gradually over the first 3 months.

Outside the original business obligations of the Corporation with CPE, the loan amount has been availed by the Corporation to meet the suppliers backlog payment obligations of CPE. There exists no document between CPE and Corporation in respect of this financial arrangement, Sanction letter does not specify that the loan amount would be utilized by the Corporation for provision as loan to CPE outside the original business terms ordered by the Government and at such loan shall be considered as primary security by the bank.

Total interest for the Period ending **31st March 2022**, FY 2021-22 of Rs. 100,30,16,698/- is accounted as finance cost of the Corporation. As per the GO M No. 294 dated 1-Oct-2020, APSBCL is permitted to retain the Cash discount accrued on supplier payments and interest carried on Excise Duty remitted in advance by suppliers to APSBCL. Accordingly, Management has recognised an amount of Rs. 40,84,64,714/- as income and Rs. 54,73,094/- as Interest on Escrow Account with Bank during the Period in FY2021-22. Further, Management has recognised the balance amount of Rs. 58,90,78,890/- as income by way of interest reimbursement from CPE. However, this recognition of income is not supported by any GO or loan agreement.

2. Transportation charges: Other Expenses under Note-19 includes Transportation Charges an amount of Rs. 99,90,50,074/- and out of which Rs.99,84,08,051/- incurred for transport of liquor from depots to Retail outlets.

However, the cost for liquor transport, which is re-computed based on the stock shipment report generated from C-Tel web software of Excise Department and based on the retail outlet distances and respective slab rates provided by all depots, is Rs.99,50,59,934/- and hence Transportation of Liquor overstated by Rs.33,48,117/-.

3. Post-Employment Benefits: As per the accounting standard on employee benefits (AS-15), the Corporation is required to account for its liability towards post-employment benefits (Viz. Gratuity, leave encashment and GIS in lieu of EDLI) as per the actuarial valuations and make certain disclosures in its financial statements. However, the Corporation stated that due to non-availability of actuarial valuation report as on 31-March-2022, appropriate adjustments and disclosures required under AS are not made.

Accordingly, due to lack of detailed information and actuarial reports as per AS-15 as on 31-March-2022 for gratuity, leave encashment and GIS, we are unable to express our opinion on the correctness of employee benefit expense recognised in Profit & Loss Ac, the net defined benefit asset/ liability to be recognised in the balance sheet and disclosures to be made.

Disclosures relating to employee benefits as per AS-15 are not made by the Corporation in its financial statements.



4. Service Tax and GST Liability:

4(a) During the FY 2020-21, Corporation has reversed the Service Tax Liability Rs.8,97,21,718/- and GST liability of Rs.30,81,10,295/- Provided upto 31.03.2019 based on the opinion issued by GST Consultant. In our opinion, since final order is not issued by the GST Department the liability mentioned in the show cause notice has to be disclosed as contingent liability. Accordingly, Contingent liability as on 31st March 2022 is understated by Rs.39,78,32,013/-.

4(b) During the Period 01.04.2021 to 31.03.2022, the Corporation did not collected GST on the remuneration received from Commissioner of Prohibition and Excise for the Sale of the Wholesale and Retail Sale of IMFL and FLbased on the opinion issued by a GST Consultant.

5. Advance to Excise Department: Short term loans and advances of Rs. 1683,11,41,239/- includes an amount of Rs.12,93,58,790/- is receivable from excise department towards expenses incurred on their behalf. The due date for repayment of above-mentioned amounts is not provided and accordingly recoverability of the amount could not be ascertained.

6. Advance to Retail Outlets: During the period, Corporation has issued advances of Rs.32,72,045.00/- respectively to retail outlets for meeting operational expenses in addition of Opening balances held Rs.83,97,304.00/- against which utilisation is accounted for Rs.66,45,229.00/- and balance of Rs.50,24,120 /- is shown under 'Short term loans and advances. However, guidelines for the issue and adjustment of such advances, sanction orders, utilisation certificates/ adjustment notes/ bills, present status of unadjusted balances and balance confirmations for unspent balances are not provided.

7. Other payables:Other Payables of Rs.86,40,74,082.00/- includes an amount of Rs.2,51,12,149.00/- deposited in bank accounts on various dates by retail outlets relating to cash recovered at retail outlets in respect of misappropriation, theft and Rs.1,99,68,030/- relating to F3 & F4 Breakages. Due to pending receipt of guidelines from the government, the above mentioned amount is included in other payables.

8. Cash and Bank Balance

8(a) Cash & Cash Equivalents of Rs.740,84,95,755/- includes PD balance of Rs.5,25,40,700/- relating to depots for which account statements and reconciliation statements as at 31st March 2022 are not provided. Hence, we are unable to comment impact on the financial statements upon on reconciliation, if any, is not ascertained.

8(b) Cash & Cash Equivalents of Rs.740,84,95,755/- includes Green Channel PD Account Balances of Rs. 360,24,38,303/- relating to corporation for which account statements and reconciliation statements as at 31st March 2022 are not provided. Hence, we are unable to comment impact on the financial statements upon on reconciliation, if any, is not ascertained.

9. Income Tax: Corporation has stated an amount of Rs 10,57,20,044.00/- as refund receivable from Income Tax Department. However, revised return is not filed due to expiry of statutory due date. Management has assessed that the difference amount would be pursued with income tax department and would be received by the Corporation. We are unable to comment on the impact of this difference income tax to be received.

During the year, Corporation did not deduct TDS on certain expenditures and has made few payments in cash exceeding Rs.10,000/- per day. However, the tax impact of this disallowance is not considered by the Corporation.



10. Un-reconciled Balances: Details of the balances lying in the following Accounts is not provided.

Asset-Short Term Loans and Advances-Deposits Rs.5,49,48,972/-

Asset-Other Current Assets-Other Recoverable-Rs. 34,98,381/-

Liability-Other Current Liabilities-Other payables- Rs. 3,01,77,194/-

Also, the correctness of management classification of assets and liabilities into current and Non-Current could not be verified due to lack of adequate information.

11. Prior Period Items: Outsourcing and security expenses under "Other Expenses" Rs. 396,50,36,248/- includes prior period expenses of Rs. 30,30,34,389/-, Professional Charges Under "Other Expenses" Rs. 10,88,13,715/- which includes prior period expenses Rs.37,50,000/- In terms of AS -5 prior period items has to be disclosed separately from the current year expenses.

Impact: This has resulted in understatement of prior period expenses and overstatement of current year expenses.

12. Non Compliances of Companies Act : The Corporation did not comply Applicable Provisions of Companies Act, 2013 Like Appointment of Women Director as applicable under section 149 of the companies Act, Appointment of Independent Director as applicable under section 149 of the Companies Act and Constitution of Committee like Corporate Social Responsibility (CSR) committee as applicable under section 135 of the Companies Act, Audit Committee as applicable under section 177 of the companies Act and Nomination and Remuneration Committee as applicable under section 177 of the Companies Act, and has not spent any amount towards CSR purposes.

13. Sanctioned Manpower Strength: The Corporation employed the excess manpower on outsourcing basis over the staffing pattern sanctioned by the Government of Andhra Pradesh vide GO MS No.80 dated 17-May-2016, no approval is obtained from the government for excess staff. The average number of excess staff employed on regular basis is 238 Members which impact on financial statement is not ascertainable due to lack of adequate information.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled Our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements,



Emphasis on Matter:

1. We draw attention to Note-23 under Notes to Accounts in respect of "Accounting for stock under Breakages and Theft/ Misappropriation" Corporation has stated an amount of Rs.6,64,32,928/- towards breakages recovered from transporters during retail trade of liquor and Rs.2,62,58,253/-recovered towards the mis-appropriations and thefts at the Retail outlet level are Pending receipt of guidelines from the Government of Andhra Pradesh in respect of apportionment of this recovery, the amount so recovered is kept as liability under the head 'Other payables' under Note 5 - 'Other Current Liabilities'.

Our opinion is not modified in respect of this matter

Other Matters:

1.Unadopted Previous Year Figures: CAG supplementary audit report for the financial year 2020-21 is yet to be received by the Corporation and hence, the financial statements together with independent auditor's report and CAG supplementary audit report of the corporation for the financial year 2020-21 and financial year 2019-20 are yet to be adopted by the members in AGM. Comparative figures for previous year 2020-21 which are provided in the current year financial statements are un-adopted.

2.Branch Audit: The financial statements include assets, liabilities, incomes and expenses of 29 depots across the state of Andhra Pradesh which are subjected to audit along with Head Office and have not been separately audited by any other auditors.

3. Stock Audit: Based on the Stock Audit Reports, most of the Retail Outlets are holding the Expired Stocks which are not disposed as per policies framed by the Corporation and for slow moving stocks too.

Management's Responsibility for the Financial Statements.

The Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and changes in the cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006 as amended and other accounting principles generally accepted in India. 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.

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

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



Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, Misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(1) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial Controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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 in terms of Section 143(11) of the Companies Act 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said order
2. As required under Section 143(5) of the Companies Act 2013, we give in "Annexure B" a statement on the directions issued by the Comptroller and Auditor General of India, action taken thereon and the impact on the accounts and financial statements of the Company.
3. As required by Section 143(3) of the Act, based on our audit, we report that
 - a. We have sought, except for the effects/ possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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 accounts 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, the Statement of Profit and loss and the Statement of Cash Flow dealt with by this Report are in agreement with the books of accounts.
 - d. Except for the effects/ possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e. Being a Government Company in pursuant to Notification No.GSR 463(E) dated 15-Jun-2015 issued by Government of India, Provisions of clause (g) of Sub Section(3) of section 143 of the Companies Act 2013 are not applicable to the Company.
 - 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".
 - 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, as amended, in our opinion and to the best of our information and according to the explanations given to us
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii) In our opinion and as per the information and explanations provided to us, the Company did not have any long-term contracts, requiring provisions under applicable laws or accounting standards, for material foreseeable losses.



- iii) There were no amounts which were required to be transferred to Investor Education and Protection Fund by the company.

For M/s. G C Reddy & Associates

Chartered Accountants

F.R No: 01000745



CA Vijendra G

Partner, M.No: 220735



Place: Guntur

Date: 22/08/2022.

UDIN: 22220735APOKNP6237

Enclosed: Annexure A, B and C to the Audit Report

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements' section of our report to the Members of Andhra Pradesh State Beverages Corporation Limited for the year ended 31st March 2022)

i. In respect of the Company's fixed assets

(A)(a) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(b) The company is not maintaining proper records showing full particulars of intangible assets due to the reason it does not have any intangible Assets;

(B) These Property, Plant and Equipment have been physically verified by the management at reasonable intervals; there is no material discrepancies were noticed on such verification.

(C) The title deeds of all the immovable Properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company except the building value Rs.1,02,49,448/- received from Commissioner of Prohibition & Excise as per G.O.M No.80 dated 23.02.2022.

(D) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(E) The Company has no proceedings have been initiated or are pending against the company for holding any Benami property under the "Benami Transactions (Prohibition) Act, 1988" and Rules made thereunder.

ii. In Respect of the Company's Inventory

(A) Physical verification of inventory has been conducted at reasonable intervals by the management and in the opinion of the auditor, the coverage and procedure of such verification by the management is appropriate.

(B) During any point of time of the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks or financial institutions on the basis of security of current assets.

(iii) During the year, the company has not made investments in provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties.

(iv) In respect of loans, investments, guarantees, and security the provisions of section 185 and 186 of the Companies Act, 2013 have been complied.

(v) In respect of deposits accepted by the Company or amounts which are deemed to be deposits, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied.



- (vi) The Company is not required for the maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act.
- (vii) The company is regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.
- (viii) The Company has no transactions are recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961
- (ix)(A) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (B) The company is not as a declared willful defaulter by any bank or financial institution or other lender.
- (C) The Company has not utilized funds raised on short term basis have been utilized for long term purposes.
- (D) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (E) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (A) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year were applied for the purposes for which those are raised.
- (B) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) The Company has not reported any fraud during the Period ending 31st March 2022.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the order is not applicable to the company.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) The company has an internal audit system commensurate with the size and nature of its business.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.



(xvii) The Company did not incur cash losses in the Financial Year and but in the immediately preceding Financial Year company incurred cash loss of Rs. 27,75,59,872/-.

(xviii). There has been no resignation of the statutory auditors during the Previous year.

(xix). On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans. The auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx). The Company, in respect of other than ongoing projects, the company has not transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(xxi). The Company financial Statements is not included any of the Consolidated Financial Statements,
Hence this clause is not applicable for the Company.

For M/s. G C Reddy & Associates
Chartered Accountants
F.R No: 01000745

CA Vijendra G
Partner, M.No: 220735



Place: Guntur
Date: 22/08/2022.
UDIN: 22220735APOKNP6237

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements section of our report to the Members of Andhra Pradesh State Beverages Corporation Limited for the year ended 31st March 2022).

Report on the Directions issued by the Comptroller and Auditor General of India:

1. Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Auditor's Reply: All the accounting transactions at head office and depots are recorded in Tally Prime (after processing). There are no accounting transactions process outside IT System.

2. Whether there is any restructuring of an existing loan or cases of waiver/ write off debts/ loans/ interest etc. made by a lender to the Company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender company)?

Auditor's Reply: As per the information provided to us, there are no cases of restructuring of an existing loan or cases of waiver, write off of debts/loans/ interest etc. made by the lender to the Company during the Period ending 31.03.2022. This Company is not a lender for any loan or debt.

3. Whether funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/State Government or its agencies were properly accounted for utilised as per its term and conditions? List 3 the cases of deviation

Auditor's Reply: As per the information provided to us, the corporation did not receive funds (grants / Subsidy) from central/ state agencies.

In additions the auditor is required to comply with any additional Company/ Sector specific directions issued under section 143(5) of the Companies Act, 2013 by the Field office entrusted with the supplementary audit of the Company.



Auditor's Reply: No additional directions are issued by the field office entrusted with the supplementary audit of this Company.

For M/s. G C Reddy & Associates
Chartered Accountants
F.R No: 01000745

2
CA Vijendra G
Partner, M.No: 220735



Place: Guntur
Date: 22/08/2022.
UDIN: 22220735APOKNP6237

ANNEXURE "C" TO THE INDEPENDENT AUDITORS REPORT

(Referred to in paragraph under Report on Other Legal and Regulatory Requirements section of our report to the Members of Andhra Pradesh State Beverages Corporation Limited for the year ended 31st March 2022)

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

We have audited the internal financial controls over financial reporting of THE ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED ('the Company') as of 31st March 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 Management of the Company 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 issued by the Institute of Chartered Accountants of India. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility:

Our responsibility is to express an opinion on the internal financial Controls Over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India.

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 authorisations of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorised 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 and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s. G C Reddy & Associates
Chartered Accountants
F.R No: 01000745

CA Vijendra G
Partner, M.No: 220735



Place: Guntur
Date: 22/08/2022.
UDIN: 22220735APOKNP6237

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Balance Sheet as at 31st March 2022

(' In Lakhs)

Particulars	Note No.	As at 31st Mar 2022	As at 31st Mar 2021
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	5.00	5.00
(b) Reserves and Surplus	3	14,641.79	4,299.94
Total Equity		14,646.79	4,304.94
2 Share Application Money Pending Allotment			
3 Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Long-term provisions		-	-
4 Current liabilities			
(a) Short-term borrowings	4	1,40,000.00	1,40,000.00
(b) Trade payables	5	38,922.45	-
(c) Other current liabilities	6	54,209.16	72,307.31
(d) Short-term provisions	7	1,608.57	26.62
Total Current liabilities		2,34,740.18	2,12,333.93
Total Equity & Liabilities		2,49,386.97	2,16,638.87
II ASSETS			
1 Non-current assets			
(a) Property Plant and Equipments			
(i) Tangible assets	8	2,206.00	2,053.22
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(b) Non-current investments		-	-
(c) Long-term loans and advances	9	6.10	0.10
(d) Deferred tax assets	10	1,448.59	1,448.59
(e) Other non-current assets		-	-
Total of non-current assets		3,660.69	3,501.91
2 Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	11	74,584.06	36,374.72
(e) Short-term loans and advances	12	1,69,681.12	1,75,457.64
(f) Other current assets	13	1,960.20	1,304.60
Total current assets		2,45,726.28	2,13,136.96
Total Assets		2,49,386.97	2,16,638.87

The Accompanying Notes 1 to 33 are integral part of the Financial Statements

S. Siva Prasad,
DGM (F&A) (EAC)

Reddy Rajesh
Company Secretary
M.No. A6527

As per our report of even date attached
for G C Reddy & ASSOCIATES
Chartered Accountants
Firm Reg. No. 0100745

On behalf of the Board of Directors

Dr. Rajat Bhargava, IAS
Chairman
DIN: 08529001

D. Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408

(Vijendra G)
Partner
Membership No. 220735

FRN No: 0100745
Chartered Accountants

Place: Guntur
Date: 22-Aug-22

LIDIN: 22020735 APOKNSP6237

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Statement of Profit and Loss for the year ended 31st March 2022

(₹ In Lakhs)

Particulars	Note No.	For the Year Ended 31st Mar 2022	For the Year Ended 31st Mar 2021
I. Revenue From Operations	14	23,02,928.84	18,07,403.14
II. Other Income	15	10,954.86	10,296.65
III. Total Income (I + II)		23,13,883.70	18,17,699.79
IV. Expenses:			
Cost of Materials Consumed		-	-
Purchases of Stock-in-Trade	16	19,55,818.47	17,52,126.47
Changes in inventories of Finished Goods, WIP & Stock-in-trade		-	-
Employee Benefit Expenses	17	3,407.01	3,536.28
Finance Cost	18	10,030.17	10,052.64
Depreciation	7	960.88	1,177.47
Other Expenses	19	3,28,658.40	34,780.00
Total Expenses		22,98,874.93	18,21,652.86
V. Profit Before Exceptional & Prior Items and Tax (III-IV)		15,008.77	-3,953.07
VI. Exceptional Item	21	-	3,041.90
VII. Prior Period Item		3,072.85	-
VIII. Profit Before Tax (V- VI)		11,935.92	-911.17
IX. Tax Expense:			
Current tax		1,594.07	20.12
Deferred tax		-	-500.92
X. Profit For The Year (VII- VIII)		10,341.85	-430.37
XI. Earnings Per Equity Share:			
Basic & Diluted Earnings Per Share		20.68	-0.86

The Accompanying Notes 1 to 33 are integral part of the Financial Statements


S. Siva Prasad,
DGM (F&A) (FAC)

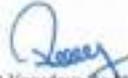



Reddy Rajesh
Company Secretary
M.No.: A65276

As per our report of even date attached
for G C Reddy & ASSOCIATES
Chartered Accountants
Firm Reg. No. 0160745

On behalf of the Board of Directors


Dr. Raju Bhargava, CAS
Chairman
DIN: 08529091


D. Vasudeva Reddy, IRTS
Managing Director
DIN: 08818408



(Vijendra G.)
Partner
Membership No: 220735

Place: Guntur
Date: 22-Aug-22

UDIN: 222207354930NP6237

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Cash Flow statement for the Year ended on 31st March 2022

(₹ In Lakhs)

Particulars	Current Year 2021-22	Previous Year 2020-21
A) Cash flow arising from Operating Activities		
Net Profit/ (loss) before tax as per Profit and Loss Account	11,935.92	-911.17
Add/(Less):		
Interest Income	-10,335.50	-280.47
Depreciation	960.88	1,177.47
Adjustment of Non Cash items		
- Reversal of Provision for GST & Service Tax and ITC	0.00	-3,041.90
Interest and finance Charges	10,030.17	10,032.64
Operating Cash Profit Before Working Capital changes	12,591.47	6,996.87
Changes in working capital		
(Increase)/Decrease in Trade Receivables	0.00	5,764.39
(Increase)/Decrease in Other current assets	-655.61	-414.15
(Increase)/Decrease in Loans and Advances	5,776.52	-1,73,844.95
Increase/(Decrease) in Trade and other payables	38,922.43	0.00
Increase/(Decrease) in Other Current Liabilities	-18,098.14	-8,069.59
Increase/(Decrease) in Short term provisions	-12.12	0.00
Cash Generated from Operations	25,933.08	-1,76,564.30
Less: Direct Taxes paid (Net of Refunds)	0.00	-294.59
Net Cash inflow in the course of operating activities (A)	38,524.55	-1,69,862.33
B. Cash flow arising from Investing Activities		
Long Term Loans And Advances	-6.00	950.40
Interest income	10,335.50	280.47
Acquisition of fixed assets	-1,113.66	-911.56
Net Cash outflow in the course of investing activities (B)	9,215.86	299.33
C. Cash flow from Financing Activities		
Inflow		
Increase in Working Capital Loan from a Bank	0.00	40,000.00
	0.00	40,000.00
Outflow		
Interest paid	-10,030.17	-10,012.58
Net cash outflow in the course of Financing activities (C)	-10,030.17	29,987.42
Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)	57,710.24	-1,39,575.58
Add: Balance at the beginning of the year	36,374.72	1,75,950.20
Cash/Cash equivalent at the close of the year	74,084.96	36,374.72

S. Siva Prasad
DGM (F&A) (FAC)



On behalf of Board of Directors

Dr. Raju Bhargava, IAS
Chairman
DEN: 08526091

Dr. V. Vasudeva Reddy, IRTS
Managing Director
DEN: 08538408



As per our report of even date attached for G C Reddy & ASSOCIATES Chartered Accountants Firm Reg. No: 0100745

(Vijendra G)
Partner
Membership No: 220735

Place: Guntur
Date: 22-Aug-22

UDIN: 22220735APeKNP6237

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Notes forming part of the financial statements for the FY 2021-22

Note 2 - Share Capital

(₹ In Lakhs)

	As at 31st Mar 2022	As at 31st Mar 2021
Authorised		
1,000 Equity shares of Rs.1000/- each	10.00	10.00
	10.00	10.00
Issued, Subscribed and Paid up		
500 Equity Share of Rs.1000/- each fully paid	5.00	5.00
Total	5.00	5.00

NOTE:

As per G.O.Ms.No.272, dt.16.07.2015 the Authorised Share Capital of the Corporation shall be Rs.10,00,000/- with initial Paidup Capital of Rs.5,00,000/-.

The number of Shares hold on behalf of the Governor of Andhra Pradesh, who will hold 494 Shares of the face value of Rs. 1,000/- each of the Corporation i.e., APSBCL in favour of Deputy Secretary, Revenue (Ex) Department (Governor Representative)

The other authorised Subscribers to the MOA of the Corporation who will hold 1 Share each i.e., 6 members (Value of Rs.1,000/-) of the Corporation.

- 1) Commissioner of Prohibition & Excise
- 2) Director of Enforcement, Prohibition & Excise
- 3) Additional Commissioner, Prohibition & Excise
- 4) Assistant Secretary to Government, Rev(Ex) Department
- 5) Section Officer, Revenue (Ex-II) Department
- 6) Assistant Section Officer, Revenue (Ex-II) Department

Reconciliation of Number of Shares

Particulars	As at 31st Mar 2022		As at 31st Mar 2021	
	Number of Shares	Amount (In lakhs)	Number of Shares	Amount (In lakhs)
Openign Balance	500	5.00	500.00	5.00
Allotted during the year	0	-	0	-
Closing Balance	500	5.00	500.00	5.00

Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company

Name of the Shareholder	As at 31st Mar 2022		As at 31st Mar 2021	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Government of Andhra Pradesh	500	100%	500	100%

Note 3 - Reserves and Surplus

(₹ In Lakhs)

Particulars	As at 31st Mar 2022	As at 31st Mar 2021
Surplus in Statement of Profit and Loss		
Opening balance	4,299.94	4,730.31
Add: Profit for the year	10,341.85	(430.37)
Closing balance	14,641.79	4,299.94
Total	14,641.79	4,299.94



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes Forming Part of the Financial Statements For The FY 2021-22

Note 4 : Short-term Borrowings

(₹ In Lakhs)

Particulars	As at 31st Mar 2022	As at 31st Mar 2021
Secured Loans:		
Line of Credit by way of short term loan from Bank of Baroda	1,40,000.00	1,40,000.00
Total	1,40,000.00	1,40,000.00

4.1 Nature of Security, Terms of Repayment and Guarantee for Short Term Loan taken from Bank of Baroda

Government of Andhra Pradesh had issued G.O.MS No.100 on 31-03-2020 for APSBCL to avail Rs 1400 Cr working capital loan from Scheduled commercial banks with Government Guarantee, subject to usual terms and conditions of extending Government Guarantee, to clear the backlog payments to the suppliers of IMFL & FL. In this regard, an amount to a tune of Rs 1,000 Crores was disbursed by the Bank of Baroda, Benz circle Branch on 31-Mar-2020. Balance amount of Rs. 400 Crores was disbursed by the Bank of Baroda, benz circle Branch during the year 2020-21.

Primary Security:

First charge on receivables of the Corporation, present and future including receivables from Govt. routed through Corporation towards payment to suppliers of IMFL/ FL, etc

Collateral Security & terms of guarantee:

No Collateral Security

Unconditional and irrevocable guarantee of Govt of AP guaranteeing the repayment of principal and interest

Repayment:

Facility sanctioned for a period of one year. Drawings under this facility to be allowed in tranches with tenor of 180 days. Principal to be repaid in single bullet payment at the end of each tranche. Interest to be serviced as and when debited.

Note 5 Trade Payables

(₹ In Lakhs)

Particulars	As at 31st Mar 2022	As at 31st Mar 2021
Outstanding dues of micro enterprises and small enterprises	3,698.56	-
Outstanding dues of creditors other than micro enterprises and small enterprises	35,223.89	-
Total	38,922.45	-

Note 6 Other Current Liabilities

(₹ In Lakhs)

Particulars	As at 31st Mar 2022	As at 31st Mar 2021
Statutory Dues:		
Provident Fund Payable	29.45	26.39
TDS Deducted under Income Tax Act and Payable	246.51	75.83
TDS Deducted under GST Act and Payable	69.53	13.60
Profession Tax Payable	0.49	0.69
Liability under GST Act	36.08	13.71
RCM under GST Act and payable	47.85	53.75
Payable to Govt. of AP	6,063.05	-
Dues to Excise Dept and APBCL:		
Payable to Commissioner of Prohibition & Excise (CPE), Govt. of AP	-	30,349.74
Payable to Suppliers and others on behalf of CPE, Govt. of AP	-	36,413.65
Payable to APBCL (Revenues)	-	1.25
Others:		
Salaries & Wages Payable	10.25	10.41
Scale Cheques Payables	5.05	2.80
EMD/SD Payable	109.36	130.08
EMD/SD Payable (Supplier)	2,907.04	-
Interest Accrued on Short Term Loan from BOB	19.59	27.81
Govt. Schemes Payables	36,024.38	-
Other Payables	1,640.74	5,185.38
Total	54,209.16	72,307.31



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes Forming Part of the Financial Statements For The FY 2021-22

Note 7 : Short-term Provisions

(₹ In Lakhs)

Particulars	(₹ In Lakhs)	
	As at 31st Mar 2022	As at 31st Mar 2021
Provision for Employee Benefits	-	-
Provision for Others:		
Provision for Audit Fee	14.50	-
Provision for Income Tax including Accrued Interest	1,594.07	26.62
Total	1,608.57	26.62



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2021-22

Note : 8 : Property, Plant and Equipment

Block	Rate (%)	Gross Block (At Cost)		Depreciation		Net Block	
		Balance as at 1st Apr 2021	Addition/Adjustment	Deduction/Adjustment	Balance as at 31st Mar 2022	For the Year	Deduction/Adjustment
Tangible Assets							
Buildings	9.50%	-	102.09	-	102.09	3.76	98.33
Electrical Assets	25.80%	398.86	070.99	-	1,769.84	356.13	1,389.46
Computer Items	63.10%	2,404.35	32.70	-	2,437.05	430.53	2,176.19
Air Conditioners	25.80%	35.29	2.05	-	37.34	4.17	32.93
Office Equipments	45.07%	188.43	1.05	-	189.48	35.50	145.84
Furnitures	25.80%	630.70	4.38	-	635.07	135.96	391.99
Generators	45.07%	16.82	-	-	16.82	2.80	2.81
Vehicles	31.23%	24.01	-	-	24.01	2.53	5.58
Total		4,098.45	1,113.66	-	5,212.11	960.88	2,296.00
Previous year total		3,186.89	911.56	-	4,098.45	1,177.47	2,045.23

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ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the FY 2021-22

Note 9 : Long Term Loans & Advances

(₹ In Lakhs)

Particulars	As at 31st Mar 2022	As at 31st Mar 2021
Unsecured and considered good:		
Deposits - Telephone	0.10	0.10
Advance to Employees	6.00	-
Total	6.10	0.10

Note 10 : Deferred Tax Assets

(₹ In Lakhs)

Particulars	As at 31st Mar 2022	As at 31st Mar 2021
On account of timing differences in Income Tax [Note 22]		
- due to depreciation	160.36	160.36
- due to disallowance u/s 43B for unpaid provision for GST and Service tax	-	-
- due to disallowance for non-deduction of TDS	1.26	1.26
- due to unabsorbed business loss	1,286.97	1,286.97
Total	1,448.59	1,448.59

Note 11 : Cash & Cash Equivalents

(₹ In Lakhs)

Particulars	As at 31st Mar 2022	As at 31st Mar 2021
Balance with Banks		
- In Current Accounts	11,934.92	6,066.19
- In Deposit Accounts	1,840.26	1,797.83
- In Sweeping Accounts	15,660.62	11,591.10
Cash on hand		
- At Head Office & Depots	6.05	10.26
- At retail outlets	6,118.19	5,098.16
Remittance in Transit		
- From retail outlets	1,137.82	794.67
- From Bars and In-House License	831.31	239.82
Green Channel PD	36,549.79	10,756.69
Total	74,094.96	36,374.72



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Notes forming part of the financial statements for the FY 2021-22

Note 12 : Short Term Loans & Advances

(₹ In Lakhs)

Particulars	As at 31st Mar 2022	As at 31st Mar 2021
Unsecured and considered good:		
Advance to Excise Dept. Govt. of AP/ Amounts paid on behalf of CPE	1,68,453.26	1,74,686.33
Advance to Retail outlets for meeting regular maintenance expenses	50.24	83.97
Advance to Capital Expenditure	4.13	15.00
Advance to APBCL	12.47	10.00
Advance to Employees	1.65	2.41
Advance to Others	608.62	25.00
Unsecured and considered good:		
Deposits - Rents	1.26	1.26
Deposits - Units	549.49	633.66
Total	1,69,681.12	1,75,457.64

Note 13 : Other Current Assets

(₹ In Lakhs)

Particulars	As at 31st Mar 2022	As at 31st Mar 2021
Accrued Incomes:		
Accrued Interest on Fixed Deposits	49.63	36.25
Interest on Staff Advances	0.05	0.29
Others:		
Prepaid Expenses	268.54	141.85
Other Recoverables at Units	34.98	36.32
Receivable from CPE	-	5.47
Receivable from APBCL	-	0.59
Income Tax:		
Refund receivable from Income Tax Dept	1,057.20	558.89
TDS on remuneration from GoAP	540.29	477.10
TDS on interest on fixed deposits from banks	9.51	47.84
Total	1,960.20	1,304.60



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the Period Ended FY 2021-22

Note 14 : Revenue from operations (₹ In Lakhs)

Particulars	For the year ended 31st Mar 2022	For the year ended 31st Mar 2021
Sale of Products:		
Revenue from Retail trade of Liquor, IMFL and Beer at APSBCI, Retail Outlets	21,83,382.35	18,02,631.41
Revenue from Wholesale trade of Liquor	1,18,919.17	-
Sale of Services:		
Commission Income from CPE, Govt. of AP for Wholesale trade of Liquor	627.33	4,771.73
Total	23,02,928.84	18,07,403.14

Note 15 : Other Income (₹ In Lakhs)

Particulars	For the year ended 31st Mar 2022	For the year ended 31st Mar 2021
Interest on Fixed Deposits with Bank	56.76	66.44
Interest on Current/ Sweeping Accounts with Bank	104.86	43.37
Interest on Escrow Account	143.67	-
Interest on Advances to employees	0.03	0.29
Misc. Other Income	237.66	152.15
GRN Fee	31.18	-
Processing Fee	56.32	-
Penalties	294.21	-
Incomes received to offset the interest paid on Bank Loan:		
Interest on Escrow Account with Bank	54.73	156.46
Cash Discount on payments to suppliers of CPE	4,084.65	3,276.53
Balance interest on loan to be reimbursed by CPE	5,890.79	6,407.20
Total	10,954.86	10,296.48

Note 16 : Purchases of Stock-in-Trade (₹ In Lakhs)

Particulars	For the year ended 31st Mar 2022	For the year ended 31st Mar 2021
Purchases of liquor for Retail Outlets from CPE, Govt. of AP	19,55,818.47	17,52,126.47
Total	19,55,818.47	17,52,126.47

Note 17 : Employee Benefit Expenses (₹ In Lakhs)

Particulars	For the year ended 31st Mar 2022	For the year ended 31st Mar 2021
Salaries, Wages & Allowances	2,993.01	3,222.19
Contribution to PF & ESI	242.60	219.27
Contribution to CPS	6.56	5.56
Staff Welfare Expenses	101.40	0.25
Gratuity To Employees	61.44	89.00
Total	3,407.01	3,536.28



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Notes forming part of the financial statements for the Period Ended FY 2021-22

Note 18 : Finance Cost

(₹ In Lakhs)

Particulars	For the year ended 31st Mar 2022	For the year ended 31st Mar 2021
Interest on Short Term Loan from Bank of Baroda	10,030.17	10,012.58
Interest on Income Tax' relating to current period	-	20.06
Total	10,030.17	10,032.64

Note 19 : Other Expenses

(₹ In Lakhs)

Particulars	For the year ended 31st Mar 2022	For the year ended 31st Mar 2021
Advertisement	6.91	20.81
Audit Fee to Statutory Auditors	14.50	6.00
Bank Charges	13.57	1,057.24
General Expenses	261.17	340.72
GST Input Tax paid [Note 22]	8,087.88	6,085.77
Govt. Schemes	2,58,867.97	-
Insurance	170.80	63.68
Listing Fee	1.00	-
Office Maintenance	688.98	469.84
Staff Training Expenses	458.52	-
Outsourcing & Security Services	36,620.02	30,338.96
Postage & Telephones	128.37	147.01
Power & Fuel	683.99	521.97
Printing & Stationary	99.65	83.70
Professional Charges	1,092.97	935.66
Rates & Taxes	169.93	129.04
Rent on BMFL Depots	551.18	431.12
Rent on Office Building	27.32	26.92
Rent on Retail Outlets	7,083.09	7,158.03
Repairs & Maintenance	98.68	158.60
SPO & Honorarium	3,074.40	-
Track & Trace Expenses for Beer	-	500.00
Transportation Charges	9,962.08	5,870.45
Travelling & Conveyance	232.15	165.51
Vehicle Hire Charges	263.27	268.97
Total	3,28,658.40	54,780.00



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Notes forming part of the Financial Statements for the year ended 31st March, 2022

1) Corporate Information and Significant Accounting Policies

A) Corporate Information:

As per the Government G.O.M.s.No.272, Revenue (Ex.II) Department, dt:16-07-2015, incorporated a new Company in the name and style of the **ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED (APSBCL)** as a public limited company as per the Companies Act, 2013, and registered with the Registrar of Companies, Hyderabad on August, 12th, 2015 under the CIN No.U15400AP2015SGC097161. The actual business activity of the corporation commenced only from 23-05-2016. The corporation is in the business of wholesale and retail trade, export & import of IMFL & FL in the State of Andhra Pradesh as an agent on behalf of the Government. The Corporation also got the exclusive privilege of selling by shop for the whole of Andhra Pradesh w.e.f. 01.10.2019. As Per G.O.M No.80 Date 23.02.2022 whereas the Business carrying on the wholesale trade and distribution of IMFL & FL.

B) Basis of accounting

The Corporation following the mercantile system of accounting and recognizes income and expenditure on accrual basis unless stated to be otherwise. The accounts are prepared on historical cost basis as a going concern. Accounting policies are consistent with generally accepted accounting principles.

C) Significant Accounting Policies

a) Fixed Assets:

Fixed Assets are stated at cost of acquisition inclusive of freight, taxes and incidental expenses less accumulated depreciation.

Depreciation:

The depreciation on Fixed Assets is provided on written down value method at the rates and in the manner specified in Schedule II of the Companies Act, 2013

Name of the Block	Useful Life
Electrical Asset	10 years
Computer Items	3 years
Air Conditioners	10 years
Office Equipment	5 years
Furniture	10 years
Generators	5 years
Vehicles	8 years

b) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

c) Investments

Company does not have any investments.

d) Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.



e) Accounting for Taxes on Income

Income tax expense is the aggregate amount of current tax and deferred tax expenses incurred by the company. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgement as to whether their realization is considered as reasonably certain. Deferred Tax Assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future profits.

Corporation made a Provision for Income Tax on the profit earned during the Period From 01.04.2021 to 08.09.2021. The corporation claimed exemption for the remaining period as per Section 10(26B) of Income Tax Act,1961.

Deferred Tax

The Company is claiming exemption for all the incomes earned under Section 10(26B) of the Income Tax Act, 1961. The differences between the Taxable Profits and Book Profits is in Permanent Nature, hence the Company did not recognise the provision for Deferred tax.

f) Revenue recognition

Remuneration from the Commissioner of Proh. & Excise, Govt of AP for Wholesale Trade

Government of Andhra Pradesh had issued G.O.MS No.98 on 10.03.2016 to provide 0.5% remuneration to Corporation on wholesale price for all the activities carried by APSBCL as an agent on behalf of the Government of Andhra Pradesh in connection with wholesale trade and for providing various services as specified Govt. order. The Government of Andhra Pradesh is here by authorized the Commissioner of Proh. & Excise, to release, towards such remuneration, to APSBCL such amounts from time to time from the sale proceeds remitted in the P.O.A of the Government. However, the above said remuneration shall be accrued to the corporation periodically i.e, Monthly Basis in accordance with AS9. However, The Company is recognizing the Wholesale trade as turnover from 09.11.2021 as per G.O.M No: 80 dated 23.02.2022.

The price on which the remuneration of 0.5% is payable as per the above para is determined as under:
Basic Price + Excise Duty/CVD+VAT on (Basic Price + Excise Duty/ CVD)

Margin on Retail Trade of Alcoholic liquor in the Retail outlets

APSBCL has been granted exclusive privilege of retailing in Indian Made Foreign Liquor & Foreign Liquor by Shop for the whole State of Andhra Pradesh. The Government of Andhra Pradesh has issued G.O.MS No.373 Revenue (Ex-II) Department on 22-08-2019 to fix (3500) Shops for 2019-20 and the APSBCL will run these Shops from 01.10.2019. The Government of Andhra Pradesh has issued G.O.MS No.373 Revenue (Ex-II) Department on 22-08-2019 to fix (3500) Shops for 2019-20 and the APSBCL will run these outlets. A remuneration of 0.5% is allowed to the APSBCL for the activities entrusted to the Corporation regarding wholesale Trade Export and import of IMFL and FL which is conducted by the Commissioner of Prohibition and Excise at present. The APSBCL is allowed 4% retailing margin to meet the retailing expenditure vide G.O.MS No.423 Revenue (Ex-II) Department on 30-09-2019. The APSBCL is allowed 6% retailing margin to meet the retailing expenditure vide G.O.MS No.294 Revenue (Ex-II) Department on 01-10-2020.

While the Wholesale Trade, Export and import of IMFL and FL is carried on by the Commissioner of Prohibition and Excise, retailing in IMFL and FL will be conducted by the APSBCL as per the policy guidelines issued by the Government in the references cited. APSBCL shall draw stock for the retail trade from the Commissioner of Prohibition and Excise.



The retail outlets shall draw liquor / beer stocks from the wholesale Government IMFL Depots, which are maintained by the Commissioner of Prohibition and Excise. Drawing of stocks by retail outlets of APSBCL shall be considered as purchase only to the extent of sale effected at the retail outlets maintained by APSBCL.

Sale of liquor shall be done at MRP i.e. Basic Cost + Excise duty / Custom duty + Assessment fee +VAT on sale + 0.5% commission + VAT on commission + Additional Excise duty + Special Privilege fee + GRO Operational Expenditure + Retail Excise duty + Additional Privilege fee + ARET

The sale proceeds in respect of APSBCL retail outlets shall be remitted into the Government treasury as per the guidelines issued by the Government, after deducting 4% margin till September 2020 and margin has been increased to 6% vide G.O.MS No.294 Revenue (Ex-II) Department on 01-10-2020 allowed which shall be the purchase cost i.e., MRP minus GRO Operational Expenditure. W.e.f. 01-10-2020, basic price, customs duty, special privilege fee, additional privilege fee, commission is also being retained for direct payment from the Corporation.

The Company Considering the turnover includes all the Taxes Like Customs, VAT , Additional Excise Duty, Special Privilege Fee etc.

Till the sale is effected at the retail outlets, ownership of liquor / beer stocks lies with the suppliers of distilleries. In the case of theft or misuse of liquor /beer, the landed cost may be compensated to the suppliers by the Corporation. APSBCL shall be responsible for any breakages incurred at the retail outlets. APSBCL shall be responsible for the breakages that occur during the transportation of liquor from depot to Retail outlet (F3 breakages) and for the breakages that occur at the retail outlets (F4 breakages). These breakages are recovered by APSBCL at MRP (Maximum Retail Price). The amount is collected and it is shown under other current liabilities.

Hence, Sale of alcoholic liquor at the Retail outlets shall be recognized as Income to the corporation in accordance with AS9.

Penalties recovered from the suppliers for the stock lying in the depots for more than time period specified as per agreement is considered as Other Income with effect from 11.11.2021.

As Per G.O No 80 Dated 23.02.2022, GRN Fee and Processing Fee charged from the suppliers is recognized as other income from 11.11.2021.

Special Margin on Retail and Wholesale Trade of Alcoholic liquor

The Government of Andhra Pradesh vide G.O.MS No. 313 dated 09-11-2021 reduced the VAT rate on liquor for human consumption. The Government have decided to keep the existing MRPs of liquor unchanged by specifying special margin. The Government of Andhra Pradesh vide Memo No. REV01-CPE0MISC/292/2021-EXCISE dated 10-11-2021 stated special margin will be transferred to APSBCL PD Account.

Interest Income from Banks and Other Advances

Interest for Staff Advances and Bank Deposits are recognized in the Books as and when accrued in accordance with AS9.

g) Employee Benefits

Liability for employee benefits, both short & long term, for present and past services which are due as per the terms of employment are recorded in accordance with "Accounting Standard 15" Employee Benefits. Employee Benefits include Provident Fund, Employee state Insurance scheme, gratuity fund and other compensated absences. Liability in respect of Employee Benefits i.e. Both Short Term and Long Term are recognized on periodical basis i.e. as and when they are due. However, the measurement in respect of those employee Benefits are measured in accordance by complying the provisions of respective Laws, regulations, and in accordance with AS15 "Employee Benefits"

The accounting policy adopted by the corporation in respect of deputed employees is as follows:

1. Salary in respect of deputed employees whether from Excise Department or any other department or from any corporation of state government or central government is paid as per the Basic salary



and other benefits received by such employee from the parent department or corporation as the APSBCL has not adopted any service rules.

2. All the Investments and actuarial risks in respect of deputed employees shall be borne by the APSBCL as the employees are deputed and worked under the APSBCL.

h) Foreign Currency Transactions

There are no foreign currency transactions during the year under consideration.

i) Earnings Per Share

Basic Earnings per share (EPS) is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items if any) by the weighted average number of equity shares outstanding during the period. Since the corporation does not have any convertible securities both basic and diluted EPS will be the same.

j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted in the financial statements.

Other Explanatory information:

- 20) Receivable from CPE as on 31-03-2022 is Rs 16,83,11,41,239/-. Details as below,

S no	Particulars	31-03-2022	31-03-2021
a)	Advance provided to Excise dept	12,93,58,790.00	8,10,29,006.00
b)	Receivable from CPE (during the course of trade)	2,80,21,83,720.00	1,20,93,83,665.00
c)	Supplier payments made on behalf of CPE	13,89,95,98,729.00	13,89,95,98,729.00
	Total	16,83,11,41,239.00	15,19,00,11,400.00

- 21) **Provision for GST and Service Tax Liability and unutilized GST Input Tax Credit:**

Corporation has not Collected GST on the Remuneration Received from Commissioner of Prohibition and Excise for the Sale of the Wholesale and Retail Sale of IMFL and FL as per G.O.M No 294. Services provided to the State Government by way of any activity in relation to any function entrusted to a municipality under article 243 W or 243 G of the Constitution and Corporation has obtained the expert opinion in this regard.

- 22) **Accounting for stock under Breakages and Theft/ Misappropriation:**

As at the period ending 31.03.22, Corporation has stated an amount of Rs. 9,26,91,181/- (Previous year: Rs. 4,64,64,898/-) towards theft/mis.app and breakages recovered from security service provider and transporters during retail trade of liquor. Pending receipt of guidelines from the Government of Andhra Pradesh in respect of apportionment of this recovery.

- 23) **Segment Reporting:**

The Company is of the opinion that there are no separate reportable segments as per Accounting Standard 17 – ‘Segment Reporting’ since the operations of the company are in the nature of integrated system of function.



24) **Related Party Disclosures:**

Related party disclosures as stipulated by Accounting Standard 18 – 'Related Party Disclosures' are given below:

a) Related Parties and their relationships:

(i) Key Managerial Personnel

Vasudeva Reddy, IRTS Managing Director, APSBCL w.e.f. 13-Sep-2019

b) Related Party Transactions:

Related Party	Nature of Transaction		Current Year 2021-22	Previous Year 2020-21
Vasudeva Reddy, IRTS *	Salary and Allowances	Expenditure	15,91,173/-	16,33,292
		Liability	-	1,09,347

* Managing Director, APSBCL

There are no related party transactions with other persons in KMP and no directors remuneration/ sitting fee is paid by the Corporation. As they are Government Servants, monthly salaries and other perquisites are provided to them by Govt. of AP

25) **Earnings per Share:**

Disclosures required under Accounting Standard 20 – 'Earnings per Share' are as follows:

Particulars	Current Year 2021-22	Previous Year 2020-21
Profit/(Loss) attributable to Equity Shareholders	Rs.97,03,04,615/-	Rs. (4,30,36,055)/-
Basic/ weighted number average number of Equity shares outstanding during the year	500 No's	500 No's
Earnings per share (Basic & Diluted)	Rs.19,40,609/-	Rs. (86,072)/-
Nominal Value of Equity Share	Rs.1000/-	Rs.1000/-

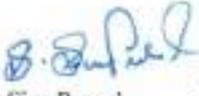
- 26) There is contingent liabilities for the GST received to be disclosed under Accounting Standard 29 – 'Provisions, Contingent Liabilities, Contingent Assets' by the Corporation as at 31-Mar-2021 and 31-Mar-2022.
- 27) Presentation of Balance Sheet, Profit & Loss Account and Notes to Accounts are in terms of the Schedule III of the Companies Act, 2013. The assets and liabilities have been classified as current and non-current based on the 12-months operating cycle.
- 28) Based on the information available with the Company, For the FY 2021-22 there are Suppliers with value of Rs 3,69,85,56,141/- who are registered as micro and small enterprises under the provisions of Micro, Small and Medium Enterprises Development Act, 2006. No amounts are stated as due to Micro and Small Enterprises in the Balance Sheet as at 31-Mar-2021 and 31-Mar-2020.
- 29) The Corporation has amended Section 6 of the Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor Act,1993 vide Ordinance no. 15 of 2021 dated 03-09-2021 by Insertion of New Chapter II and Accordingly, Corporation also altered MOA by passing wide dated 09.09.2021.
- 30) Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.



- 31) Rent for Retail Outlets were considered as per Agreement and values determined by the District level committee headed by Joint Collector, where ever updated/renewal agreements are not available, rent approved by the District level committee headed by Joint Collector is considered as per G.O.M No : 357 dated on 16.08.2019.
- 32) Expenses incurred as agent: As per G.O.M No 98 dated 10 Mar 2016, Corporation acts as agent, who has entrusted the wholesale and retail trade of spirits, IMFL, FL and Beer retail A4 outlets in the State of Andhra Pradesh, for which remuneration of 0.5% on sales is being paid by the Govt of AP. During the Financial Year (upto 11th November'21), an amount of Rs. 3,39,76,962/- is paid by the Corporation towards Rent on IMFL Depots and an amount of Rs. 35,94,571/- is paid by the Corporation towards Repairs and Maintenance of Buildings and Electrical Assets. It is informed that such expenditure shall be borne by Corporation out of the Remuneration received from Government of AP.
- 33) Additional Regulatory disclosures: Ratios

Sl.No	Name of Ratio	Formula	31 March 2022	31 March 2021
1	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.04	1.00
2	Debt-Equity Ratio	$\frac{\text{Total Debt}}{\text{Shareholder's Equity}}$	9.89	32.52
		$\frac{\text{Long Term Debt}}{\text{Shareholder's Equity}}$	0.00	0.00
3	Debt Service Coverage Ratio	$\frac{\text{Earnings available for debt services (PAT+Interest+Dep+/-Non Cash Items)}}{\text{Interest+Debt Principal Payments \& Accrued}}$	2.08	0.68
4	Return on Equity /Investment Ratio	$\frac{\text{PAT}}{\text{Shareholder's Equity}}$	0.70	-1.03
5	Inventory turnover ratio	$\frac{\text{COGS}}{\text{Average Stock}}$	0.00	0.00
6	Trade Receivables turnover ratio	$\frac{\text{Net Credit Sales}}{\text{Average Trade Receivables}}$	0.00	0.00
7	Trade payables turnover ratio	$\frac{\text{Net Credit Purchases}}{\text{Average Trade Payables}}$	100.50	0.00
8	Net capital turnover ratio	$\frac{\text{Turnover}}{\text{Total Capital Employed (Equity +Long term Debt (incl. Current Maturities)}}$	162.64	419.84
9	Net Profit Ratio	$\frac{\text{Net Profit}}{\text{Sales}}$	0.00428	-0.00245
10	Return on Capital employed	$\frac{\text{PAT+Interest}}{\text{Total Capital Employed (Equity +Long term Debt (incl. Current Maturities)}}$	1.40433	1.30054
11	Return on investment	$\frac{\text{PAT}}{\text{Shareholder's Equity}}$	69.60%	-102.99%

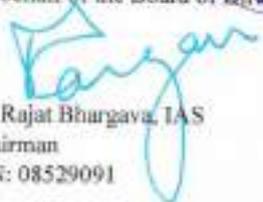



S. Siva Prasad
DGM (F&A) (FAC)




Rajesh Reddy
Company Secretary
M.No.:A65216

On behalf of the Board of Directors


Dr. Rajat Bhargava, IAS
Chairman
DIN: 08529091


D. Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408

As Per our Report of even date

For M/s. G C Reddy & Associates
Chartered Accountants
Firm Reg. No: 0100074S


(Vijendra G)
Partner
M. No: 220735

Place: Guntur
Date: 22/08/2022

UDIN: 22220735 APoKNP6237



Date:22/08/2022

To,
The Board of Directors
ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
1st Floor, Proh. & Excise Complex,
D.No.5-69-55/9A Taluk Office
Compound, 6/1, Brodipet, Guntur
Krishna, AP 522002

Based on the audited Financial statements of 31 March 2022 of Andhra Pradesh State Beverages Corporation Limited having PAN AANCA8537G and CIN U15400AP2015SGC097161 for the details to be reported in this certificate, we here by certify that:

a) **Asset Cover for debt:**

- i. The financial information as on 31 March 2022 has been extracted from Audited Financial statements of 31 March 2022.
- ii. The assets of the entity provide coverage of 1.20 times of the interest and principal amount,(calculation as per statement of asset cover ratio for the secured debt -table-I)
- iii. The total assets of the entity provide nil coverage of the principal since there are no unsecured lenders. Accordingly, the terms of issue (calculation as per statement of asset coverage ratio available for the unsecured debt securities - table - II) (as per requirement of Regulation 54 read with Regulation 56(1)(d) of LODR Regulations) is not applicable to the entity.



★ TIRUPATI	: H.No.18-1-670, Bhavani Nagar, Tirupati, Chittoor Dist-517501, Andhra Pradesh
★ VIJAYAWADA	: H.No.TF-3, 4th Floor, Madhu Towers, Srinivasa Nagar, Eluru Road, Vijayawada – 520010, A.P.
★ HYDERABAD	: H.No.8-3-678/70, 1st Floor, Pragathi Nagar, Srinagar Colony Extn, Hyderabad – 500045, Telangana.
★ VISAKHAPATNAM	: H.No. 53-16-105/B, Shivalayam Street, Maddalapalem, Visakhapatnam, Andhra Pradesh – 530013.
★ SPSR NELLORE	: H.No.13-109, Raja Street, Gudur – 524101, Nellore Dist, Andhra Pradesh.
★ GUNTUR	: H.No. 6-15-46, 15th Lane, Arundalpet, Guntur – 522002, Andhra Pradesh.
★ YSR KADAPA	: H.No. 21/697-2, OPP Bank of Baroda, 7 Roads, YSR Kadapa – 516001, Andhra Pradesh.

Table -4:

Sr. No.	Particulars		Amount (Rs. In Crores)
i.	Total assets available for secured debt—(secured by either pari passu or exclusive charge on assets)	A	1,684.53
	⊠ Property Plant & Equipment (Fixed assets) - movable/immovable property etc		-
	⊠ Loans /advances given (net of provisions, NPAs and sell down portfolio),Debt Securities, other credit extended etc		1,684.53
	⊠ Receivables including interest accrued on Term loan/Debt Securities etc		-
	⊠ Investment(s)(including interest)		-
	⊠ Cash and cash equivalents and other current/non-current assets		-
ii.	Total borrowing of secured debt and borrowings other than secured debt (secured by either pari passu or exclusive charge On assets)	B	1400.00
	⊠ Debt Securities (outstanding as on 31 March 2022)		-
	⊠ IND -AS adjustment for effective Interest rate on secured Debt Securities		-
	⊠ Interest accrued / payable on secured debt Securities		-
	⊠ Borrowings(Short term)		1400.00
iii.	Asset Coverage Ratio	A/B	1.20



Table -II

Note: Since there are no unsecured lenders as per the audited Financial statements of 31 March 2022, Table II is not applicable to the entity.

SN	Particulars		Amount (Rs in Crores)
i.	Net assets of the listed entity available for unsecured lenders (Property Plant & Equipment(excluding intangible assets and prepaid expenses) + Investments + Cash & Bank Balances + Other current/Non-current assets excluding deferred tax assets(-)Total assets available for secured lenders/creditors on pari passu/exclusive charge basis under the above heads(-) unsecured current/non-current liabilities(-) Interest accrued/ Payable on unsecured borrowings)	A	NA
ii.	Total Borrowings(unsecured)	B	NA
	☐ Term loan		
	☐ Non-convertible Debt Securities (including interest)		
	☐ CC/ OD Limits		
	☐ Other Borrowings		
	☐ IND-AS adjustment for effective Interest rate on unsecured Borrowings		
iii.	Assets Coverage Ratio	(A/B)	NA

For M/s. G C Reddy & Associates
Chartered Accountants
Firm Reg. No: 0100745





CA Vijendra G
Partner

Membership No: 220735

UDIN: 22220735APOKNP6237

Date: 22 August 2022

Place: Guntur



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

CIN: U15400AP2015SGC097161

REGISTERED OFFICE:-

1st Floor, Proh. & Excise Complex,
D.No.5-69-55/9A, Taluk Office Compound, 6/1,
Brodipet Guntur-522002, Andhra Pradesh, INDIA.

CORPORATE OFFICE:-

Prohibition & Excise Complex, 4th Floor,
S.No.88-2B, Poultry Farm Road, Prasadampadu,
VIJAYAWADA – 521108, Andhra Pradesh, INDIA.
E-mail : apsbclco2122@gmail.com

APSBCL/CS/30/8-December-2022

Date: 08.12.2022

To,

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai - 400 001

Sub.: outcome of Board Meeting

Ref.: Andhra Pradesh State Beverages Corporation Limited

[SCRIP Code - 973983; ISIN - INE0M2307016], [SCRIP Code - 973984; ISIN - INE0M2307024],
[SCRIP Code - 973985; ISIN - INE0M2307057], [SCRIP Code - 973986; ISIN - INE0M2307040],
[SCRIP Code - 973987; ISIN - INE0M2307107], [SCRIP Code - 973988; ISIN - INE0M2307032],
[SCRIP Code - 973990; ISIN - INE0M2307065], [SCRIP Code - 973991; ISIN - INE0M2307073],
[SCRIP Code - 973993; ISIN - INE0M2307081], [SCRIP Code - 973994; ISIN - INE0M2307099].

Dear Sir/Madam,

Pursuant to the provisions of regulation 51(2), 52 and 54 read with Part B of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we wish to inform that the Board of Directors of Andhra Pradesh State Beverages Corporation Ltd at its Meeting held today i.e. on Thursday, December 08, 2022, have inter alia, approved and adopted the Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2022 ("Financial Results").

In this regard, please find enclosed herewith:

- Limited Review Report issued by the Statutory Auditors of the Company on the Financial Results;
- Financial Results;
- Disclosure of related party transactions for the half year ended September 30, 2022; and
- Security Cover Certificate under regulation 54 of the SEBI Listing Regulations with respect to the listed Nonconvertible Debentures issued by the Company.

The meeting commenced at 03:30PM hours and concluded at 07:15PM hours.

The above information is also available on the website of the Company i.e. www.apsbcl.ap.gov.in

You are requested to kindly take the same on record.

Thanking you,

For Andhra Pradesh State Beverages Corporation Limited

**RAJESH
REDDY**

Digitally signed by
RAJESH REDDY
Date: 2022.12.08
19:31:11 +05'30'



R. Rajesh

Company Secretary, ACS-65216

CC: **BEACON TRUSTEESHIP LTD.** 4C-D, Siddhivinayak Chambers, Gandhi Nagar, Mumbai 400051.



Independent Auditor's Review Report on the Unaudited Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The Board of Directors

Andhra Pradesh State Beverages Corporation Limited

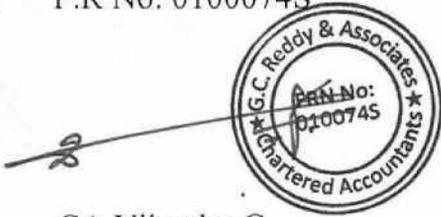
1. We have reviewed the accompanying Statement of Unaudited Financial Results of Andhra Pradesh State Beverages Corporation Limited ("the Company") for the quarter and half year ended September 30, 2022 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, Which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India and in Compliance with Regulation 52 and Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. Our responsibility is to express a conclusion on the statement based on the review.
3. We Conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



-
- ★ GUNTUR : H.No.16-13-8,13/3, Arundalpetta, Guntur – 522002, Andhra Pradesh.
 - ★ VIJAYAWADA : H.No.TF-3, 4th Floor, Madhu Towers, Srinivasa Nagar, Eluru Road, Vijayawada – 520010, A.P.
 - ★ HYDERABAD : H.No.8-3-678/70, 1st Floor, Pragathi Nagar, Srinagar Colony Extn, Hyderabad – 500045, Telangana.
 - ★ VISAKHAPATNAM : H.No. 53-16-105/B, Shivalayam Street, Maddelapalem, Visakhapatnam, Andhra Pradesh – 530013.
 - ★ SPSR NELLORE : H.No.13-109, Raja Street, Gudur – 524101, Nellore Dist, Andhra Pradesh.
 - ★ TIRUPATI : H.No. 19-8-9C,2nd Floor, DNR Hospital Building, Annamayya Circle, Tirupati – 517501, A.P
 - ★ YSR KADAPA : H.No. 2/386-1,2nd Floor, Opp CSI School, Nagarajupeta, Kadapa, YSR Kadapa Dist – 516001, A.P.

4. Based on our review conducted as stated in paragraph 3 above , nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 and Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.

For M/s. G C Reddy & Associates
Chartered Accountants
F.R No: 0100074S



CA Vijendra G
Partner
M.No. 220735
Place: Guntur
Date: 08.12.2022
UDIN: 22220735BFCGXP7071

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
I. STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2022

(Rs. In Lakhs)

Particulars	UN AUDITED					AUDITED
	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	3 months ended (30/09/2022)	3 months ended (30/06/2022)	3 months ended (30/09/2021)	6 months ended (30/09/2022)	6 months ended (30/09/2021)	Year ended (31/03/2022)
1. Income						
(a) Revenue from operations	326,499.97	324,206.46	82,220.08	650,706.43	159,140.63	626,583.42
(b) Other Income	3,653.69	3,029.75	57.60	6,683.43	120.21	692.75
Total Income	330,153.66	327,236.21	82,277.68	657,389.86	159,260.84	627,276.17
2. Expenses						
(a) Cost of Material Consumed	-	-	-	-	-	-
(b) Purchase of Stock in Trade	106,330.16	105,110.60	61,085.62	211,440.75	118,232.07	279,241.10
(c) Changes in Inventories of Finished goods, work in progress & Stock in Trade	-	-	-	-	-	-
(d) Cost of Goods Sold (a+b+c)	106,330.16	105,110.60	61,085.62	211,440.75	118,232.07	279,241.10
(e) Employee Benefits Expenses	1,004.88	812.95	947.24	1,817.83	1,735.45	3,407.01
(f) Finance costs	19,978.61	3,512.68	-	23,491.29	-	18.04
(g) Depreciation and Amortisation Expense	291.31	273.00	238.93	564.32	441.40	960.88
(h) Other Expenses	119,290.87	59,050.40	14,348.97	178,341.27	27,061.79	328,658.41
Total Expenses (d+e+f+g+h)	246,895.83	168,759.63	76,620.76	415,655.46	147,470.71	612,285.44
3. Profit(+)/Loss(-) before Exceptional items (1-2)	83,257.83	158,476.58	5,656.92	241,734.40	11,790.13	14,990.73
4. Exceptional items (Net) (Refer note XX)	-	-	-	-	-	-
5. Profit(+)/Loss(-) before Tax (3-4)	83,257.83	158,476.58	5,656.92	241,734.40	11,790.13	14,990.73
6. Tax Expenses						
i) Current Tax (Net of MAT credit)	-	-	1,594.07	-	1,594.07	1,594.07
ii) Deferred tax	-	-	-	-	-	-
7. Profit(+)/Loss(-) for the period (5-6)	83,257.83	158,476.58	4,062.85	241,734.40	10,196.06	13,396.66
8. Other Comprehensive Income						
(i) Items that will not be reclassified to profit & Loss	-	-	-	-	-	-
(ii) Income tax on items that will not be reclassified to profit or loss	-	-	-	-	-	60.33
(iii) Items that will be reclassified to profit & Loss	-	-	-	-	-	-
(iv) Income tax on items that will be reclassified to profit or loss	-	-	-	-	-	60.33
Total Other Comprehensive Income	-	-	-	-	-	60.33
9. Total Comprehensive Income (7+8)	83,257.83	158,476.58	4,062.85	241,734.40	10,196.06	13,456.99
10. Earnings/(Loss) Per Share (Face value of Rs. 1000 each)						
a) Basic	166.52	316.95	8.13	483.47	20.39	26.79
b) Diluted	166.52	316.95	8.13	483.47	20.39	26.79
11. Paid up equity share capital (Face value of Rs. 1000 each)	5.00	5.00	5.00	5.00	5.00	5.00
12. Other Equity (Other than Revaluation Reserve)	256,223.85	173,173.45	14,496.00	256,431.27	14,496.00	14,684.07
13. Net Worth	256,228.85	173,178.45	14,501.00	256,436.27	14,501.00	14,689.07
14. Paid up Debt Capital.	950,999.50	971,762.00	140,000.00	950,999.50	140,000.00	140,000.00
15. Debenture Redemption Reserve	-	-	-	-	-	-
16. Debt Equity Ratio	3.71	5.61	9.65	3.71	9.65	9.53
17. Debt Service Coverage Ratio	2.54	46.33	-	6.48	-	-
18. Interest Service Coverage Ratio	5.17	46.12	-	11.29	-	832.11
19. Current Ratio	2.16	3.24	1.07	2.16	1.07	1.05
20. Long term Debt to Working Capital Ratio	3.20	1.86	-	3.20	-	-
21. Bad debts to Accounts Receivable Ratio	-	-	-	-	-	-
22. Current liability Ratio	0.21	0.19	1.00	0.21	1.00	1.00
23. Total Debts to Total Assets	0.74	0.81	0.79	0.74	0.79	0.56
24. Debtors Turnover Ratio	-	-	-	-	-	-
25. Inventory Turnover Ratio	-	-	-	-	-	-
26. Operating Margin%	0.31	0.49	0.05	0.40	0.06	0.02
27. Net Profit Margin %	0.26	0.49	0.05	0.37	0.06	0.02

For Andhra Pradesh State Beverages Corporation Limited

S. Siva Prasad

S.Siva Prasad
DGM (S&A) (FAC)

Place: Vijayawada
Date: 8 December 2022



D. Vasudeva Reddy
D.Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
II. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2022

(Rs. In Lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	Unaudited	Audited
ASSETS		
1 Non-current assets		
Property, plant and equipment	1,843.72	2,206.00
Financial Assets		
Other Financial Assets	809,744.42	6.10
Deferred tax assets (Net)	1,448.59	1,448.59
Subtotal (A)	813,036.73	3,660.69
2 Current assets		
Financial Assets		
(i) Trade Receivables	-	-
(ii) Cash and cash equivalents	179,209.70	72,238.70
(iii) Bank balances other than (ii) above	101,018.20	1,846.26
(iv) Other financial assets	177,134.86	168,960.94
Current Tax Assets (Net)	793.87	12.94
Other current assets	13,215.29	1,073.37
Subtotal (B)	471,371.92	244,132.21
TOTAL ASSETS(A+B)	1,284,408.65	247,792.90
EQUITY AND LIABILITIES		
1 Equity		
Equity Share capital	5.00	5.00
Other Equity	256,431.27	14,684.07
Subtotal (C)	256,436.27	14,689.07
2 Non Current Liabilities		
Financial liabilities		
Borrowings	809,737.50	-
Other financial liabilities	-	-
Long term Provisions	-	-
Deferred tax liabilities (net)	-	-
Subtotal (D)	809,737.50	-
3 Current liabilities		
Financial Liabilities		
(i) Borrowings	141,262.00	140,000.00
(ii) Trade Payables		
a) Total outstanding dues of Micro and Small Enterprises	3,620.25	3,698.56
b) Total outstanding dues other than Micro and Small Enterprises	33,078.78	35,223.89
(iv) Other financial liabilities	39,504.14	53,737.15
Current Tax Liabilities (Net)	-	-
Other current liabilities	750.21	429.73
Provisions	19.50	14.50
Subtotal (E)	218,234.88	233,103.83
TOTAL EQUITY AND LIABILITIES(C+D+E)	1,284,408.65	247,792.90

For Andhra Pradesh State Beverages Corporation Limited

S.Siva Prasad
DGM (F&A) (FAC)

Place: Vijayawada
Date: 8 December 2022



D.Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
 III. STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

(Rs. In Lakhs)

Particulars	For the half year ended September 30, 2022	For the year ended March 31, 2022
	Unaudited	audited
Cash flow from operating activities		
Profit before tax	241,734.40	13,396.66
Adjustments for :		
Depreciation and amortisation	564.32	960.88
Foreign exchange (gains) / losses	-	-
Interest expense	23,491.29	18.04
Interest income	(1,202.91)	(305.33)
Prior Period Adjustments	12.80	-
Provision/(Reversal) for other doubtful receivables	-	-
Operating profit before working capital changes	264,599.90	14,070.25
Adjustments for changes in :		
Trade receivables	-	-
Inventories	-	-
Financial Assets (Current and Non-current)	(817,912.24)	7,489.92
Other assets (Current and Non-current)	(12,922.85)	(807.54)
Trade payables	(2,223.41)	2,508.80
Financial liabilities (Current and Non-current)	(14,233.03)	15,003.68
Other liabilities (Current and Non-current)	320.48	239.04
Other provisions (Current and Non-current)	5.00	14.50
Cash generated from operations		
Income tax refund received / (paid) (net)	-	-
Net cash flow from operating activities before exceptional items	(582,366.15)	38,518.65
Exceptional items	-	-
Net cash flow from operating activities	[A] (582,366.15)	38,518.65
Cash flow from investing activities		
Payments for acquisition of assets	(202.03)	(1,113.66)
Investment in bank deposits	(99,171.94)	(48.44)
Interest received	1,202.91	305.33
Net cash flow used in investing activities	[B] (98,171.06)	(856.77)
Cash flow from financing activities		
Proceeds from the issuance of share capital	-	-
Proceeds of long term borrowings	830,500.00	-
Repayments of long term borrowings	(20,762.50)	-
Proceeds of short term borrowings	141,262.00	-
Repayments of short term borrowings	(140,000.00)	-
Interest paid - Net	(23,491.29)	-
Payment of lease liability	-	-
Net cash flow from financing activities	[C] 787,508.21	-
Net cash inflow / (outflow)	D = [A+B+C] 106,971.00	37,661.88
Opening cash and cash equivalents	[E] 72,238.70	34,576.82
Closing cash and cash equivalents	F= [D+E] 179,209.70	72,238.70

For Andhra Pradesh State Beverages Corporation Limited

S. Siva Prasad
 DGM (F&A) (FAC)

Place: Vijayawada
 Date: 8 December 2022



D. Vasudeva Reddy, IRTS
 Managing Director
 DIN: 08838408

Notes

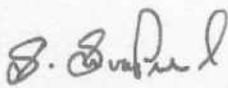
- 1) The above financial results of the company have been reviewed by the Audit committee of the Board of Directors in the meeting held on 8 December 2022 and approved by the Board of Directors in their meeting held on the same day.
- 2) The Company has 83,050 secured, rated, listed, redeemable, taxable, Non-Convertible Bonds supported by unconditional & Irrevocable guarantee as a continuing obligation by the Government of Andhra Pradesh for the timely servicing of the interest and Principal in respect of such bonds and each bond of Rs. 10,00,000 of total proceeds of Rs. 8305 crores and recognized in the deferred revenue expenditure on the spent socio-economic programmes and amortised the same pattern of repayment of the NCDs.
- 3) NCD issue proceeds of Rs.8305 Crores allotted equally to the A to J ISIN numbers and each ISIN Number having 8305 bonds as follows:
 - A. ISIN - INE0M2307016
 - B. ISIN - INE0M2307024
 - C. ISIN - INE0M2307057
 - D. ISIN - INE0M2307040
 - E. ISIN - INE0M2307107
 - F. ISIN - INE0M2307032
 - G. ISIN - INE0M2307065
 - H. ISIN - INE0M2307073
 - I. ISIN - INE0M2307081
 - J. ISIN - INE0M2307099.
- 4) The company has repaid the first quarter part principal redemption and interest payment for the ISIN- INE0M2307016 as on 30 August 2022. So, During the half year ended 30 September 2022, the face value of ISIN- INE0M2307016 has reduced from Rs.10,00,000 to Rs. 7,50,000 each bond, on account of principal repayment.
- 5) The company has repaid the first quarter interest payment for the ISINs mentioned in B to J in Note no 3 made on 1 September 2022. So, the principal outstanding as on 30 September 2022 of Rs. 8097.37 crores and the interest accrued upto 30 September 2022 of Rs. 64.02 crores.
- 6) The figures for the corresponding period have been regrouped/ reclassified wherever necessary, to make them comparable.



7) Formulae for computation of ratios as follows –

Sl.No	Name of Ratio	Formula
1	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2	Debt-Equity Ratio	$\frac{\text{Total Debt}}{\text{Total Equity}}$
3	Debt Service Coverage Ratio	$\frac{\text{Earnings available for debt services (PAT+ Interest + Depreciation +/-Non Cash Items)}}{\text{Interest + Debt Principal Payments \& Accrued}}$
4	Interest Service Coverage Ratio	$\frac{\text{Earnings before Interest, Taxes and Exceptional Items}}{\text{Interest Expenses}}$
5	Long term Debt to Working Capital Ratio	$\frac{\text{Non-Current Borrowings (Including Current Maturities of Non-Current Borrowings)}}{\text{Current Assets Less Current Liabilities (Excluding Current Maturities of Non-Current Borrowings)}}$
6	Bad debts to Accounts Receivable Ratio	$\frac{\text{Bad Debts}}{\text{Average Accounts Receivables}}$
7	Current Liability Ratio	$\frac{\text{Total Current Liabilities}}{\text{Total Liabilities}}$
8	Total debts to total assets	$\frac{\text{Total Debt}}{\text{Total Assets}}$
9	Inventory turnover ratio	$\frac{\text{COGS}}{\text{Average Stock}}$
10	Trade Receivables turnover ratio	$\frac{\text{Value of Sales \& Services}}{\text{Average Trade Receivables}}$
11	Operating margin (%)	$\frac{\text{Earnings before Interest, Tax and Exceptional Items less Other Income}}{\text{Value of Sales \& Services}}$
12	Net Profit margin (%)	$\frac{\text{Profit After Tax}}{\text{Value of Sales \& Services}}$

For Andhra Pradesh State Beverages Corporation Limited


S.Siva Prasad
DGM (F&A) (FAC)

Place: Vijayawada
Date: 8 December 2022




D.Vasudeva Reddy, IRTS
Managing Director
DIN: 08838408

Amount in Lakhs

														Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.			
S. No	Details of the party (listed entity/subsidiary) entering into the transaction		Details of the counter party			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		In case any financial indebtedness incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments			
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)	Tenure	Secured/ unsecured
1.	M/s Andhra Pradesh State Beverages Corporation Limited		Mr. Vasudeva Reddy Donthireddy		KMP - MD	Remuneration	22.07	11.63	-	-	-	-	-	-	-	-	
			Mr. Rajesh Reddy		KMP -CS	Remuneration	8.00	3.33	-	-	-	-	-	-	-	-	



G C REDDY & ASSOCIATES

Chartered Accountants

Ph. no.9989799099, E-mail:gvreddyca@yahoo.com



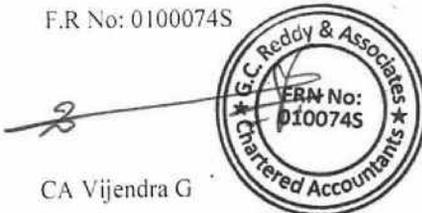
To
The Board of Directors
M/s Andhra Pradesh State Beverages Corporation Limited
1st Floor, Proh. & Excise Complex,
D.No.5-69-55/9A Taluk Office Compound,
6/1, Brodipet Guntur, Andhra Pradesh-522002

STATEMENT CERTIFYING THE SECURITY COVER IN RESPECT OF LISTESECURED NON- CONVERTIBLE DEBENTURES(NCDs) AS AT SEPTEMBER 30, 2022.

Based on the information and explanations available and on the basis of the records of the Company including unaudited Books of Account and other relevant documents, we hereby certify that:

- a) The Company has vide its Board Resolution and information memorandum/ offer document and under various Debenture Trust Deed (DTD), has issued the NCDs an amount of Rs.8305 Crores for the following ISIN:
- A. ISIN - INE0M2307016
 - B. ISIN - INE0M2307024
 - C. ISIN - INE0M2307057
 - D. ISIN - INE0M2307040
 - E. ISIN - INE0M2307107
 - F. ISIN - INE0M2307032
 - G. ISIN - INE0M2307065
 - H. ISIN - INE0M2307073
 - I. ISIN - INE0M2307081
 - J. ISIN - INE0M2307099
- b) Security Cover for listed debt securities: (i) The financial information as on September 30, 2022 has been extracted from the unaudited books of account and other relevant records of the listed entity; (ii) The security of the Company provide coverage of more than 100 % of the interest accrued and principal amount, which is in accordance with the terms of issue/ Debenture Trust Deed(calculation as per statement of security cover ratio as per Annexure I)

For M/s. G C Reddy & Associates
Chartered Accountants
F.R No: 0100074S



CA Vijendra G
Partner
M.No. 220735
Place: Guntur
Date: 08.12.2022
UDIN: 22220735BFCIFI7389

-
- ★ GUNTUR : H.No.16-13-8,13/3, Arundalpeta, Guntur – 522002, Andhra Pradesh.
 - ★ VIJAYAWADA : H.No.TF-3, 4th Floor, Madhu Towers, Srinivasa Nagar, Eluru Road, Vijayawada – 520010, A.P.
 - ★ HYDERABAD : H.No.8-3-678/70, 1st Floor, Pragathi Nagar, Srinagar Colony Extn, Hyderabad – 500045, Telangana.
 - ★ VISAKHAPATNAM : H.No. 53-16-105/B, Shivalayam Street, Maddelapalem, Visakhapatnam, Andhra Pradesh – 530013.
 - ★ SPSR NELLORE : H.No.13-109, Raja Street, Gudur – 524101, Nellore Dist, Andhra Pradesh.
 - ★ TIRUPATI : H.No. 19-8-9C,2nd Floor, DNR Hospital Building, Annamayya Circle, Tirupati – 517501, A.P
 - ★ YSR KADAPA : H.No. 2/386-1,2nd Floor, Opp CSI School, Nagarajupeta, Kadapa, YSR Kadapa Dist – 516001, A.P.

Annexure 1- Security Cover As at 30th September 2022

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Debt for which this certificate being issued	Assets shared by this certificate is issued & other debt with	Other assets on which there is charge (excluding g terms covered in column F)	Assets not offered as Security	debt amount considered more than once (due to exclusive plus part passu charge)	(Total C to H)	Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRM market value is not applicable)	Market Value for Part passu charge Assets TM	Carrying value/book charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRM market value is not applicable)	Total Value=(K+M+N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value	Book Value							
ASSETS														
Property, Plant and Equipment	Property, Plant and Equipment	-	No	No	Nil	Nil	1,843.72	Nil	1,843.72	NA	NA	NA	NA	NA
Capital Work-in-Progress		-	No	No	Nil	Nil	-	Nil	-	NA	NA	NA	NA	NA
Right of Use Assets		-	No	No	Nil	Nil	-	Nil	-	NA	NA	NA	NA	NA
Goodwill		-	No	No	Nil	Nil	-	Nil	-	NA	NA	NA	NA	NA
Intangible Assets		-	No	No	Nil	Nil	-	Nil	-	NA	NA	NA	NA	NA
Intangible Assets under Development		-	No	No	Nil	Nil	-	Nil	-	NA	NA	NA	NA	NA
Investments		-	No	No	Nil	Nil	-	Nil	-	NA	NA	NA	NA	NA
Loans		-	No	No	Nil	Nil	-	Nil	-	NA	NA	NA	NA	NA
Inventories		-	No	No	Nil	Nil	-	Nil	-	NA	NA	NA	NA	NA
Trade		-	No	No	Nil	Nil	-	Nil	-	NA	NA	NA	NA	NA
Receivable's		671.06	No	No	Nil	Nil	178,538.64	Nil	179,209.70	NA	NA	NA	NA	NA
Cash and Cash Equivalents	Cash and Cash Equivalents	99,121.55	No	No	Nil	Nil	1,896.65	Nil	101,018.20	NA	NA	NA	NA	NA
Bank Balances other Than Cash and Cash Equivalents	Bank Balances other than Cash and Cash Equivalents													
Others	Others*	810,316.74	No	No	Nil	Nil	192,020.28	Nil	1,002,337.02	NA	NA	NA	NA	NA
Total		910,109.35					374,299.30		1,284,406.65					
LIABILITIES														
Debt securities to which this certificate pertains	Debt securities to which this certificate pertains **	816,139.97	No	No	Nil	Nil	Nil	Nil	816,139.97	NA	NA	NA	NA	NA
Other debt sharing pari-passu charge with above debt			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA
Other Debt			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA
Subordinated debt			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA
Borrowings			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA
Bank			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA
Debt			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA
Securities			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA
Others			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA
Trade			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA
Payables			No	No	Nil	Nil	Nil	Nil		NA	NA	NA	NA	NA



not to be filled

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination on (amount in negative)	(Total C to H)	Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSKA market value is not applicable)	Market Value for Pari-passu charge Assets**	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSKA market value is not applicable)	Total Value=(K+L+M+N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value								
Lease Liabilities		No	No	No	NIL	NIL		NIL	-	NA	NA	NA	NA	NA
Provisions		No	No	No	NIL	NIL		NIL	-	NA	NA	NA	NA	NA
Others		No	No	No	NIL	NIL		NIL	-	NA	NA	NA	NA	NA
Total		816,139.97							816,139.97					
Cover on Book Value														
Cover on Market Value*		Exclusive Security Cover Ratio	Exclusive Security Cover Ratio		Pari-Passu Security Cover									
			111.51%											

* Others includes deferred revenue expenditure of Rs. 8,09,737.50 Lakhs and accrued interest receivable of Rs. 579.24 Lakhs.

** Debt securities includes debt securities (NCDs) of Rs. 8,09,737.50 Lakhs and accrued interest payable of Rs 6402.47 Lakhs.

*** Columns A to J have been certified by statutory auditors of the Company.





ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

CIN: U15400AP2015SGC097161

Registered Office:-

1st Floor, Proh. & Excise Complex,
D.No.5-69-55/9A, Taluk Office Compound, 6/1,
Brodipet Guntur-522002, Andhra Pradesh, INDIA.

Corporate Office :

Prohibition & Excise Complex, 4th Floor,
S.No.88-2B, Poultry Farm Road, Prasadampadu,
Vijayawada – 521108, Andhra Pradesh, INDIA.
E-mail : apsbclco2122@gmail.com

EXTRACT OF THE MINUTES OF THE MEETING OF THE MEMBERS OF EXTRA ORDINARY GENERAL MEETING OF ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED DULY CONVENED AND HELD ON 19TH DAY OF MAY, 2022 ON 1:00 PM AT THE REGISTERED OFFICE OF THE COMPANY AT 1ST FLOOR, PROH. & EXCISE COMPLEX. D.NO.5-69-55/9A, TALUK OFFICE COMPOUND, 6/1, BRODIPET GUNTUR-522002, ANDHRA PRADESH, INDIA

To Borrow funds by way of issuance of non-convertible debentures / Bonds

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

“Resolved that pursuant to the provisions of Sections 23, 42, 71, 179 and 180 of the Companies Act 2013 read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, Rule 18 of Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification / amendments or re-enactments thereof), provisions of the Memorandum of Association of the company and Articles of Association of the company and relevant provisions of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, read with relevant SEBI circulars issued in this regard, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or other applicable laws, the approval of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company to borrow funds by way of issue and allotment of rated, listed, secured, senior, taxable, redeemable, Non-Convertible Debentures / Bonds, with an unconditional and irrevocable guarantee by the State Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such Debentures / Bond (“Bonds”), aggregating upto Rs. 12000 Cr. (Rupees Twelve Thousand Crores Only) on Private Placement basis, in one or more tranches, on the principal terms and conditions (briefly detailed below) set out in the explanatory statement of the notice for this meeting.



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

CIN: U15400AP2015SGC097161

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Corporate Office :

Prohibition & Excise Complex, 4th Floor,
S.No.88-2B, Poultry Farm Road, Prasadampadu,
Vijayawada – 521108, Andhra Pradesh, INDIA.
E-mail : apsbclco2122@gmail.com

1	Object of Issue	The funds raised by the Issuer, after meeting the costs and expenses in respect of the Issue, shall be utilized by the Issuer for implementing the socio-economic programme and such other purposes as may be decided by the Board.
2	Amount which the company intends to raise by way of such securities	Rs. 12,000,00,00,000/- (Rupees Twelve Thousand Crores Only), in one or more tranches
3	Face Value	As may be decided by the Board
4	Coupon Payment Frequency	As may be decided by the Board
5	Material terms of raising such securities, proposed time schedule, purposes/ objects of offer, contribution being made by the promoters or directors either as part of the offer or separately	Material terms of raising such securities: As per the information memorandum approved by the Board Proposed Time Schedule/ Tenor: As may be decided by the Board Contribution being made by promoters or directors either as part of the offer or separately: None
6	Redemption Date and Amount	As may be decided by the Board

Resolved further that the Board of Directors be and is hereby authorised to discuss and finalise including but not limited to amount, tenure, security, charge on assets, rate of interest, penal interest, repayment terms, etc. and to execute agreements, deeds and other relevant documents and to do all such acts, deeds and things as may be necessary, incidental or ancillary to effect securing the said borrowing, loans, advance and/or other obligations.

Resolved further that Sri D. Vasudeva Reddy, IRTS, Managing Director of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to execute all such documents, instruments and writings as may be required to give effect to this resolution."



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

CIN: U15400AP2015SGC097161

Registered Office:-

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S.No.88-2B, Poultry Farm Road, Prasadampadu,
Vijayawada – 521108, Andhra Pradesh, INDIA.
E-mail : apsbclco2122@gmail.com

For and on behalf of Board of Directors of
ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

✕


VASUDEVA REDDY DONTTHIREDDY
Managing Director
DIN: 08838408

Date: 20.05.2022

Place: Vijayawada

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

The Company is intending to raise funds by issuance of non-convertible debentures / Bonds, in one or more series/ tranches for an amount of up to INR 12,000 Crores, on a private placement basis, for implementing the socio-economic programme and such other purposes as may be decided by the Board from time to time.

In terms of Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("Prospectus and Allotment Rules") deals with private placement of securities by a company. Rule 14(1) of the Prospectus and Allotment Rules prescribes that in case of an offer or invitation to subscribe to securities, the Company shall obtain previous approval of its shareholders/members ("Members") by means of a special resolution. Rule 14(1) of the Prospectus and Allotment Rules further prescribes that in case of the issue of non-convertible debentures / bonds exceeding the limits prescribed therein, it shall be sufficient to obtain such previous approval only once in a year for all the offers or invitations for such Bonds / bonds issued during a period of 1 (one) year from the date of passing of the aforementioned special resolution.



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

CIN: U15400AP2015SGC097161

Registered Office:-

1st Floor, Proh. & Excise Complex,
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Brodipet Guntur-522002, Andhra Pradesh, INDIA.

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Vijayawada – 521108, Andhra Pradesh, INDIA.
E-mail : apsbclco2122@gmail.com

For the purpose of augmenting resources for implementing the socio-economic programme and such other purposes as may be decided by the Board from time to time, the Company may invite subscription for non-convertible debentures / bonds ((a)listed or unlisted, (b)senior secured,(c)senior unsecured, (d)unsecured, (e)subordinated, (f)any others (as may be determined)) (including market linked debentures and covered bonds) ("Bonds") to be issued by the Company, in one or more series/tranches on private placement basis. The Bonds proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price (including premium, if any) shall be decided by the board of directors of the Company ("Board", which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution) on the basis of various factors including the interest rate/effective yield determined, based on market conditions prevailing at the time of the issue(s).

Pursuant to Rule14(1) of the Prospectus and Allotment Rules, the following disclosures are being made by the Company to the Members:

<p>Particulars of the offer including date of passing board resolution</p>	<p>Rule 14(1) of the Prospectus and Allotment Rules prescribes that where the amount to be raised through offer or invitation of Bonds exceeds the limit prescribed, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations for such Bonds during the year.</p> <p>In view of this, pursuant to this resolution under Section 42 of the Companies Act, 2013, the specific terms of each offer / issue of Bonds</p>
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ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

CIN: U15400AP2015SGC097161

Registered Office:-

1st Floor, Proh. & Excise Complex,
D.No.5-69-55/9A, Taluk Office Compound, 6/1,
Brodipet Guntur-522002, Andhra Pradesh, INDIA.

Corporate Office :

Prohibition & Excise Complex, 4th Floor,
S.No.88-2B, Poultry Farm Road, Prasadampadu,
Vijayawada – 521108, Andhra Pradesh, INDIA.
E-mail : apsbclco2122@gmail.com

	<p>(whether secured / unsecured / subordinated / senior, rated / unrated, listed / unlisted, redeemable (including market linked debentures and covered bonds)) shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution. In line with Rule 14(1) of the Prospectus and Allotment Rules, the date of the relevant board resolution shall be mentioned / disclosed in the private placement offer and application letter for each offer/issue of Bonds.</p>
<p>Kinds of securities offered and the price at which the security is being offered</p>	<p>Non-convertible debt securities / Bonds.</p> <p>The Bonds will be offered/issued either at par or at premium or at a discount to face value, which will be decided by the Board for each specific issue, on the basis of the interest rate / effective yield determined, based on market conditions prevailing at the time of the respective issue.</p>
<p>Basis or justification for the price (including premium, if any) at which the offer or invitation is being</p>	<p>Not applicable, as the securities proposed to be issued (in multiple issues / tranches) are non-convertible debt instruments which will be issued either at par or at premium or at a discount to face value in accordance with terms to be decided by the Board which term shall be</p>



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made	deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution), in discussions with the relevant investor(s).
Name and address of valuer who performed valuation	Not applicable as the securities proposed to be issued (in multiple issues / tranches) are non-convertible debt instruments.
Amount which the company intends to raise by way of securities	The specific terms of each offer/issue of Bonds shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, provided that the amounts of all such Bonds at any time issued within the period of 1(one) year from the date of passing of the aforementioned shareholders resolution shall not exceed the limit specified in the resolution under Section 42 of the Companies Act,2013.
Material terms of raising of securities, proposed time schedule, purposes or objects of the offer, contribution being made by the Promoters or directors either as part of the offer or	The specific terms of each offer/issue of Bonds shall be decided from time to time, within the period of 1 (one) year from the date of the aforesaid resolution, in discussion with the respective investor(s). These disclosure will be specifically made in each private placement offer and application letter for each offer / issue.



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separately in
furtherance of the
objects, principal
terms of the assets
charged as security

The Name of the proposed allottees and the percentage of post preferential Issue capital that may be held by them.

Sr. No.	Name of the proposed allottees	Present Holding	% of the pre-issue capital	Present Issue	% of post issue capital
1	Proposing for listing				

The change in control, if any, in the company that would occur consequent to the Preferential Issue

There will be change in the control in the Company consequent to the Preferential Issue.

The number of Persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price

sr. No.	Name of persons	No. of securities	Price (INR)
1			

The justification for the allotment proposed to be

Not applicable



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made for consideration other than cash together with valuation report of the registered valuer					
The number of persons to whom allotment on preferential basis have already been made during the year in terms of number of securities as well as price	Not Applicable				
The pre-issue and post issue shareholding pattern of the company in the following format:					
Sr. No.	Category	Pre- Issue		Post- Issue	
		No. of Shares held	% of share holding	No. of Shares held	% of share holding
	Promoters Holding:				
	Indian:	NOT APPLICABLE			
	Individual				
	Bodies Corporate				
	Sub Total				
	Foreign Promoters				
	Sub Total (A)				
	Non-Promoters Holding:				
	Institutional	NOT APPLICABLE			



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	Investors				
	Non- Institution				
	Private Corporate Bodies				
	Directors and relatives				
	Indian Public				
	Others (including NRIs)				
	Sub Total(B)				
	Grand Total				

Where convertible securities are offered on a preferential allotment basis with an option to apply for and get equity shares allotted, the price of the resultant shares pursuant to conversion shall be determined – NA.

The Company, at the time of such issue of preference shares, has no subsisting default in the redemption of preference shares issued either before or after the commencement of Companies Act, 2013 or in payment of dividend due on any preference shares.

Other Disclosures:

During the period from 01st April, 2021 till the date of notice of this EGM, the Company has made preferential allotment on 28th day of March, 2022 which is decided by the Board of Directors of the Company to abandon as per provisions of Companies Act, 2013 due to diverse reasons subject to the approval of Shareholders. In accordance with the provisions of Sections 23, 42 and 62 of the Act read with applicable rules thereto and relevant provisions, approval of



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the Members for issue and allotment of the said Equity Shares to Investor specified in the resolution is being sought by way of a special resolution as set out in the said item of the Notice.

The resolution and the terms stated therein and in the explanatory statement hereinabove shall be subject to the guidelines/ regulations issued/ to be issued by the Government of India or the Ministry of Corporate Affairs or any other regulatory/ statutory authorities in that behalf and the Board shall have the absolute authority to modify the terms contained herein or in the said resolution, if required by the aforesaid regulatory/ statutory authorities including any amendment, modification, variation or re-enactment thereof.

Issue of the said Equity Shares would be well within the Authorized Share Capital of the Company. The Board of Directors believe that the proposed issue is in the best interest of the Company and its Members and therefore recommends the Special Resolution as set out in the said Item in the accompanying notice for approval by the members.

None of the Directors, Key Managerial Personnel or their respective relatives are, in anyway, concerned or interested, financially or otherwise, except as shareholders in general in the said resolution.

Accordingly, consent of the Members is sought in connection with the aforesaid issue of Bonds and they are requested to authorize the Board to issue such Bonds during the year on private placement basis up to Rs.12,000,00,00,000/- (Rupees Twelve Thousand Crores only) as may be approved by the members at any point of time, in addition to the limit prescribed under the provision of Section 180 of the Act, in one or more tranches.



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This enabling resolution authorises the Board of Directors of the Company to offer or invite subscription for Bonds, as may be required by the Company, from time to time and asset out here in, for a period of one year from the date of passing this resolution.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

Your directors recommend this resolution to be passed by way of a Special Resolution.

For and on behalf of Board of Directors of
ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED


VASUDEVA REDDY DONTTHIREDDY
Managing Director
DIN: 08838408

Date: 20.05.2022
Place: Vijayawada

DUE DILIGENCE CERTIFICATE

(Pursuant to Regulation 44(3)(a) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2022

Ref. No.: BTL/OPR/2022-23/26089-1

Date: November 18, 2022

To,

BSE Ltd 25th Floor, P. J. Tower, Dalal Street, Mumbai -400001	National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
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SUB.: ISSUE OF SECURED, LISTED, RATED, REDEEMABLE, TAXABLE, NON-CONVERTIBLE BONDS OF A FACE VALUE OF INR 10,00,000/- EACH AGGREGATING TO INR 1,000 CRORES ALONG WITH GREEN SHOE OPTION TO RETAIN OVER SUBSCRIPTION OF UPTO INR 2,695 CRORES FOR AN AGGREGATE ISSUE SIZE OF INR 3,695 CRORES BY WAY OF A PRIVATE PLACEMENT BY ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED.

Dear Sir / Madam,

We, the Debenture Trustee (s) to the above-mentioned forthcoming issue state as follows:

- (1) We have examined documents pertaining to the said issue and other such relevant documents.
- (2) On the basis of such examination and of the discussions with the issuer, its directors and other officers, other agencies and of independent verification of the various relevant documents,

WE CONFIRM that:

- (a) The issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.
- (b) The issuer has obtained the permissions / consents necessary for creating security on the said property (ies).
- (c) The issuer has made all the relevant disclosures about the security and also its continued obligations towards the holders of debt securities.
- (d) All disclosures made in the offer document with respect to the debt securities are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.

For Beacon Trusteeship Limited


Name: Kaustubh Kulkarni
Designation: Director

Place: Mumbai



BEACON TRUSTEESHIP LIMITED

Registered & Corporate Office: 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (E), Mumbai - 400 051.

Phone : 022-26558759 | Email : contact@beacontrustee.co.in | Website : www.beacontrustee.co.in

CIN : U74999MH2015PLC271288

DUE DILIGENCE CERTIFICATE – ‘ANNEXURE A’

(Pursuant to SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/PI/2020/218 dated November 03, 2020)

Ref No: BTL/OPR/2022-23/26089-2

Date: November 18, 2022

To,

BSE Ltd 25th Floor, P. J. Tower, Dalal Street, Mumbai -400001	National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
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SUB.: ISSUE OF SECURED, LISTED, RATED, REDEEMABLE, TAXABLE, NON-CONVERTIBLE BONDS OF A FACE VALUE OF INR 10,00,000/- EACH AGGREGATING TO INR 1,000 CRORES ALONG WITH GREEN SHOE OPTION TO RETAIN OVER SUBSCRIPTION OF UPTO INR 2,695 CRORES FOR AN AGGREGATE ISSUE SIZE OF INR 3,695 CRORES BY WAY OF A PRIVATE PLACEMENT BY ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED.

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

- 1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
- 2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

WE CONFIRM that:

- a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.
- b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).
- c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.
- d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.
- e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.
- f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.
- g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

For Beacon Trusteeship Limited


Name: Kaustubh Kulkarni
Designation: Director
PLACE: Mumbai



BEACON TRUSTEESHIP LIMITED

Registered & Corporate Office: 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (E), Mumbai - 400 051.

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