



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India for the period ended March 2023



Government of Andhra Pradesh
Report No.7 of 2025
(Compliance Audit - Commercial)

Report of the
Comptroller and Auditor General of India
for the year ended March 2023

Government of Andhra Pradesh

(Report No.7 of 2025)

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Preface

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Andhra Pradesh under Article 151 of the Constitution of India for being laid in the State Legislature.

This Audit Report contains the overview on functioning of Andhra Pradesh State Public Sector Enterprises (SPSEs), one Compliance Audit Report on Development & Maintenance of Infrastructure by Andhra Pradesh Tourism Development Corporation Limited (Youth Advancement, Tourism & Culture Department) and one Compliance Audit paragraph related to Transport, Roads & Building Department.

The instances mentioned in this Report are among those which came to the notice in the course of test audit.

The Audit has been carried out in conformity with the Compliance Audit guidelines and Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

Executive Summary

This Audit Report contains the overview of functioning of Andhra Pradesh State Public Sector Enterprises (SPSEs), one Compliance Audit Report on Development & Maintenance of Infrastructure by Andhra Pradesh Tourism Development Corporation Limited (Youth Advancement, Tourism & Culture Department) and one Compliance Audit paragraph related to Transport, Roads & Building Department.

Functioning of State Public Sector Enterprises

The State Public Sector Enterprises (SPSEs) comprise State Government Companies, State Government controlled Other Companies and Statutory Corporations. The SPSEs were established to carry out activities of commercial nature, keeping in view the welfare of the people and contribute to the State economy. As on 31 March 2023, there were 124 SPSEs in Andhra Pradesh including 118 Government Companies, three Statutory Corporations and three Government Controlled Other Companies which comes under the audit jurisdiction of Comptroller & Auditor General (CAG) of India.

This report covers detailed analysis of 20 SPSEs, based on accounts for the year 2022-23 for 13 SPSEs and information related to financial matters pending finalisation of annual accounts for seven SPSEs. Further, the report presents the oversight role of CAG on compliance with various criteria and preparation and submission of financial statements by SPSEs; and with adherence to Corporate Governance guidelines stipulated for Government Companies.

Audit Conclusions and Recommendations are given below.

- i. As on 31 March 2023, there were 103 working SPSEs and 21 inactive SPSEs (inactive SPSEs are those which have effectively ceased to carry out their operations or are under liquidation process) in Andhra Pradesh under the audit jurisdiction of CAG. Out of 103 working SPSEs, eleven SPSEs were related to Power Sector. Further, 90 working SPSEs had backlog of 342 accounts with period of arrears ranging from one year to 17 years as at the end of 30 September 2023.
- ii. During 2022-23, 20 SPSEs registered an annual turnover of ₹88,176.83 crore, which was equal to 6.69 *per cent* of the GSDP of Andhra Pradesh.
- iii. The investment of the State Government in equity and long-term loans in 20 SPSEs was ₹5,534.42 crore against total investment of ₹1,06,761.20 crore in these SPSEs. The outstanding long-term loans of State Government in these SPSEs as on 31 March 2023 was ₹1,574.61 crore. The ratio of long-term loans to equity was 16.70 for these SPSEs.
- iv. Out of the 20 SPSEs, 14 SPSEs earned profits (₹2,786.83 crore), while five SPSEs incurred losses (₹1,251.63 crore) and one SPSE had no loss/profit. As on 31 March 2023, the accumulated losses in five loss-making SPSEs was ₹4,039.91 crore.
- v. As a result of the audit of CAG during the period October 2022 to September 2023, significant comments highlighting inaccuracies in the Financial Statements impacting profitability by ₹139.32 crore and assets/liabilities by ₹1,207.66 crore were issued.

- vi. During 2022-23, 12 SPSEs did not meet the mandatory requirement of conducting four meetings of the Board of Directors. Further, of the 13 SPSEs mandated to appoint Independent Directors, only four SPSEs had appointed the required number of Independent Directors. Only in two SPSEs', Independent Directors have conducted a separate meeting and in the remaining two SPSEs' Independent Directors did not conduct the said meeting. Woman Director was not appointed in seven out of 11 SPSEs which were required to appoint Woman Director.
- vii. Whole time Key Managerial Personnel were found appointed in nine out of 10 SPSEs which were required to appoint KMP. Audit Committee was constituted in 10 out of 13 SPSEs.
- viii. Only six out of 13 SPSEs had constituted the Nomination and Remuneration Committee. Out of 12 SPSEs, only six SPSEs had established vigil mechanism to report genuine concerns and grievances.

Audit Recommendations:

- ***The Government may review the functioning of all loss-making SPSEs and take necessary steps to improve their financial performance, ensure sound financial position of the SPSEs.***
- ***Government may expedite the process of liquidation for 21 inactive SPSEs.***
- ***The Government may issue necessary instructions to Administrative Departments to set targets for individual SPSEs to furnish the accounts in time and to strictly monitor the clearance of arrears and take expeditious steps to reduce the arrears in the finalisation of accounts.***
- ***The Government may ensure that the number of Independent Directors, Woman Directors in the Board of Directors of SPSEs are in conformity with the provisions of Companies Act, 2013 to achieve objectives of Corporate Governance in SPSEs.***
- ***The Government may ensure that vigil mechanism is installed as per the provisions of Companies Act, 2013.***

Compliance Audit observations on Development & Maintenance of Infrastructure by Andhra Pradesh Tourism Development Corporation Limited

The Andhra Pradesh Tourism Development Corporation Limited (APTDCL) is a government-owned entity responsible for promoting tourism in the State of Andhra Pradesh. It operates under the Youth Advancement, Tourism & Culture (YAT&C) Department, Government of Andhra Pradesh (GoAP), and is tasked with the objectives of development of tourism infrastructure, operation of tourism package services & promotional activities, maintenance of its assets constructed under Central/State Government Schemes and implementation of State Tourism policy 2020-25.

This Audit was conducted to assess whether tourism infrastructure development and maintenance activities were carried out in compliance with the existing guidelines, policies, rules, and regulations. The Audit was carried out between June and November 2023 covering the period from 2020-21 to 2022-23 at the office of the Managing Director, APTDCL and 33

per cent of units of three (SPSR Nellore, Visakhapatnam and Tirupati) out of seven divisional offices were covered based on Income and Expenditure details for the audit period.

Significant Audit findings and Recommendations are given below:

There were deficiencies on both sides (APTDCL & GoAP) in translating the projects into action owing to multiple reasons. APTDCL had meager resources available from its operational activities, as such there was heavy dependence on the Government of India (GoI) and GoAP funding, which required a joint approach towards release of share of respective funds. Audit observed that the GoAP fell short in releasing its proportionate share towards creation of infrastructure, consequently, the GoI funds of ₹4.79 crore incurred remained unfruitful.

The infrastructure and the asset creation was inadequate with number of incomplete works on different counts. Further, utilisation of the assets created (hotels, resort, restaurant, tourist attractions) were not ensured resulting in idling and deterioration of the assets. It was seen that the assets worth ₹33.68 crore created (2018-2021) under Swadesh Darshan Scheme were not made operational by APTDCL, despite this being a stipulated condition of the scheme. There was low occupancy of self-managed hotels. Consequently, revenue generation was poor.

Instances were noticed where prior to taking up of the projects/assets, APTDCL neither undertook feasibility studies nor prepared Detailed Project Reports (DPRs) showing site survey with location advantage, number of tourists expected, cost benefit analysis for revenue generation, if operation and maintenance (O&M) was handed over or the assets were self-operated. Hence, properties were constructed without need analysis, assessing possibility of revenue generation with tourist footfall, *etc.*, thereby causing idling of such properties.

Furthermore, APTDCL did not initiate prompt action for realisation of dues (₹38.46 crore) on account of services rendered during Covid, lease rentals of Public Private Participation Projects, facilities extended to various departments and from properties operated on O&M basis. For an entity with limited operational revenue, this can have a significant financial implication.

Audit Recommendations

The GoAP / APTDCL must ensure:

- ***To release funds required for completion of incomplete projects and revisit the proposals for the remaining projects based on current cost estimate to obtain revised sanction of GoI.***
- ***To operationalise and maintain the assets created.***
- ***Feasibility study with due Cost-Benefit Analysis prior to undertaking a project for asset creation.***
- ***To develop a comprehensive asset management system for optimising operational revenue.***

(Paragraph 2.1)

Injudicious plying of midi buses on ghat road (Transport, Road & Building Department)

The injudicious decision of Andhra Pradesh State Road Transport Corporation to procure midi buses despite operational deficiencies reported by the Technical Committee prior to procurement, endangered the lives of passengers and resulted in under utilisation of buses, due to frequent break down. Subsequent premature sale of buses led to loss of ₹4.27 crore.

(Paragraph 2.2)

Chapter-I

Functioning of State Public Sector Enterprises

Pages 1 to 21

Chapter I

Functioning of State Public Sector Enterprises

1.1 Introduction

The State Public Sector Enterprises (SPSEs) comprise State Government Companies, State Government controlled other companies and Statutory Corporations. The SPSEs were established to carry out activities of commercial nature, keeping in view the welfare of the people and contribute to the State economy. As on 31 March 2023, there were 124 SPSEs in Andhra Pradesh (as detailed in *Appendix I*). The details are given below in *Table 1.1*.

Table 1.1: Total number of SPSEs as on 31 March 2023

Type of SPSEs	Total
Government Companies ¹	118
Statutory Corporations ²	03
Government Controlled Other Company ³	03
Total	124

Source: Information furnished by the Companies/Corporations

The 124 SPSEs include 118 Government Companies⁴, three Statutory Corporations⁵ and three Government Controlled other Companies⁶. During the year, no Government Companies got dissolved/ merged, whereas six Government Companies⁷ came under the audit jurisdiction of the Comptroller and Auditor General of India. Further, two companies⁸ of Government of Andhra Pradesh are debt listed in Stock Exchange and complied with provision of SEBI⁹ (Listing Obligation and Disclosure Requirements) Regulations, 2021. There are 21 inactive SPSEs¹⁰ in Andhra Pradesh.

Out of 124 SPSEs, 43 SPSEs had submitted at least one account each for the period 2020-21, 2021-22 and 2022-23 by 30 September 2023, while 27 working SPSEs did not submit their first accounts.

This report covers detailed analysis of 20 SPSEs, based on accounts for the year 2022-23 for

¹ Government Companies referred to in Section 2 (45) of the Companies Act, 2013

² any Corporation set up under a statute enacted by Parliament/ State Legislature is called a Statutory Corporation

³ any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are called Government Controlled Other Company, as defined in the Companies (Removal of Difficulties) Seventh Order, 2014 notified on 4 September 2014

⁴ including 21 Inactive SPSEs

⁵ Andhra Pradesh State Road Transport Corporation, Andhra Pradesh State Financial Corporation and Andhra Pradesh State Warehousing Corporation

⁶ Kakinada Smart City Corporation Limited, Greater Visakhapatnam Smart City Corporation Limited and Amaravati Smart & Sustainable City Corporation Limited

⁷ Andhra Pradesh Bulk Drugs & Infrastructure Corporation Limited, Bhavanapadu Port Development Corporation Limited, Machilipatnam Port Development Corporation Limited, Mark up Private Limited, Meat Development Corporation of Andhra Pradesh & Ramayapatnam Port Development Corporation Limited

⁸ Andhra Pradesh State Beverages Corporation Limited and Andhra Pradesh Power Finance Corporation Limited

⁹ Securities Exchange Board of India

¹⁰ inactive SPSEs are those which have effectively ceased to carry out their operations or are under liquidation process

13 SPSEs and information related to financial matters pending finalisation of annual accounts for seven SPSEs. The summary of financial performance of 20 working SPSEs is as given in **Table 1.2**.

Table 1.2: Summary of financial performance of working SPSEs

Particulars	Number of SPSEs	Amount (₹ in crore)
Number of working SPSEs	103	--
SPSEs covered	20	--
Paid up capital	20	6,032.22
Long term loans	20	1,00,728.97
Net profit	14	2,786.83
Net loss	5	1,251.63
Zero profit/Loss	1	0
Dividend Paid	0	0
Total assets	13 ¹¹	1,58,747.26
Net-worth ¹²	20	(-22,882.28)

Source: Annual Accounts and information furnished by SPSEs

Based on the nature of activities undertaken, these 20 SPSEs have been categorised into five sectors and their percentage share of Turnover in Gross State Domestic Product (GSDP) is as depicted in **Table 1.3**.

Table 1.3: Sector wise turnover vis-à-vis share of turnover of SPSEs in Gross State Domestic Product of Andhra Pradesh

Sl. No.	Name of the Sector	Number of SPSEs	Turnover for the year 2022-23 (₹ in crore)	Percentage Share of Turnover in Gross State Domestic Product
1.	Power	7	71,266.97	5.41
2.	Finance	3	2,098.92	0.16
3.	Service	2	736.00	0.06
4.	Infrastructure	1	60.20	0.00
5.	Others	7	14,014.74	1.06
Total		20	88,176.83	6.69

Source: Compiled from latest financial statements received and information provided by SPSEs as on 30 September 2023

The turnover (₹88,176.83 crore) of these 20 SPSEs was 6.69 per cent of the GSDP of Andhra Pradesh (₹13,17,728 crore) for the year 2022-23, with contribution of 80.82 per cent by the Power sector.

Fourteen of the above SPSEs earned a combined profit of ₹2,786.83 crore in 2022-23, five SPSEs incurred losses of ₹1,251.63 crore. The remaining one SPSE had no profit no loss during the year 2022-23.

1.2 Accountability framework

The audit of the financial statements of a Company in respect of a financial year commencing on or after 1 April 2014 is governed by the provisions of the Companies Act, 2013. The audit

¹¹ accounts for the year 2022-23 were received in respect of 13 SPSEs

¹² total paid-up capital plus Free Reserve and Surplus minus Accumulated loss minus Deferred Revenue Expenditure

of a Company in respect of the financial years that commenced earlier than 1 April 2014, continues to be governed by the Companies Act, 1956.

According to Section 2(45) of the Companies Act, 2013 (Act), a Government Company is one in which not less than 51 *per cent* of the paid-up capital is held by the Central and/or State Government(s). The subsidiary of a Government Company is also covered under the definition of a Government Company. The process of audit of Government Companies under the Act is governed by the related provisions of Section 139 and 143 of the Act.

1.2.1 Statutory Audit

Audit of Statutory Corporations is governed by their respective legislations. Out of three Statutory Corporations, the CAG of India is the Sole Auditor for Andhra Pradesh State Road Transport Corporation whereas in respect of Andhra Pradesh State Warehousing Corporation and Andhra Pradesh State Financial Corporation, the audit is conducted by the Chartered Accountants appointed under the respective statutes and thereafter, supplementary audit is conducted by the CAG of India.

1.2.2 Role of Government and Legislature

The State Government exercises control over the affairs of these SPSEs through their administrative departments. The Chief Executive and Directors on the Board of these SPSEs are appointed by the State Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSEs. For this purpose, the Annual Reports of State Government Companies together with the Statutory Auditors' Reports and comments of the CAG thereon are to be placed before the Legislature under Section 394 of the Act. Similarly, the Annual Reports of Statutory Corporations along with the Separate Audit Reports of CAG are to be placed before the Legislature as per the stipulations made under their respective governing Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

1.3 Stake of Government of Andhra Pradesh

The State Government stake in SPSEs falls under three broad categories, *i.e.*, Share Capital and Loans, Special Budgetary Support by way of grants and subsidies and guarantees of loans availed by SPSEs from Financial Institutions.

- **Share Capital and Loans** - In addition to the Share Capital Contribution, the State Government also provides financial assistance by way of loans to the SPSEs from time to time.
- **Special Financial Support** - State Government provides budgetary support by way of grants and subsidies to the SPSEs as and when required.
- **Guarantees** - State Government also guarantees the repayment of loans with interest availed by the SPSEs from Financial Institutions.

1.4 Investment in SPSEs

1.4.1 Equity holding and loans given to SPSEs

As per the finance accounts for the year ending 2023, the Government had invested ₹6,884.34 crore¹³ in equity share capital of 41 SPSEs and infused loan of ₹10,906.10¹⁴ crore in SPSEs. Investment in the 20 SPSEs of equity and loans for the three-year period ended 31 March 2023 is given in *Table 1.4*.

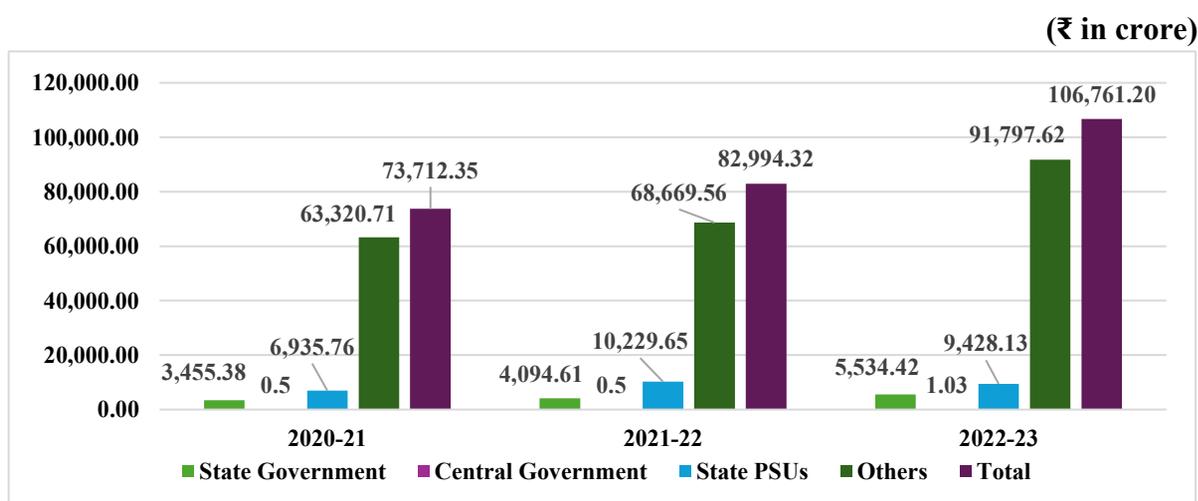
Table 1.4: Total equity investment and loans in State Public Sector Enterprises
(₹ in crore)

Sources of Investment	As on 31 March 2021			As on 31 March 2022			As on 31 March 2023		
	Equity	Long Term Loans	Total	Equity	Long Term Loans	Total	Equity	Long Term Loans	Total
State Government	3,360.05	95.33	3,455.38	3,960.05	134.56	4,094.61	3,959.81	1,574.61	5,534.42
Central Government	0.50	0.00	0.50	0.50	0.00	0.50	1.03	0.00	1.03
State PSEs	1,441.27	5,494.49	6,935.76	1,461.35	8,768.30	10,229.65	1,469.52	7,958.61	9,428.13
Others	592.47	62,728.24	63,320.71	599.52	68,070.04	68,669.56	601.87	91,195.75	91,797.62
Total	5,394.29	68,318.06	73,712.35	6,021.42	76,972.90	82,994.32	6,032.23	1,00,728.97	1,06,761.20
Share of State Government in Total Investment (in per cent)	62.29	0.14	4.69	65.77	0.17	4.93	65.64	1.56	5.18

Source: Compiled from the latest financial statements received and information provided by SPSEs as on 30 September 2023

It is seen that the trend in investment is dominated by long-term loans taken from sources other than the Government which increased by 45.33 per cent as on 31 March 2023 as compared to the loan as on 31 March 2021. Further, long term loans from State Government were a meagre 1.56 per cent of total loan as on 31 March 2023. The ratio of debt to equity was 16.70 for these 20 SPSEs as on 31 March 2023.

Chart 1.1: Investment in SPSEs



¹³ Source: Statement 19 of Finance Accounts 2022-23

¹⁴ Source: Statement 7 of Finance Accounts 2022-23

1.5 Special support and returns during the year

1.5.1 Information on Subsidy, Grants and Guarantees by Central/State Government

The Government of Andhra Pradesh (GoAP) provides financial support to SPSEs in the form of grants and subsidies through the annual budget. In addition, the government provides guarantees for loans raised by the SPSEs for which it charges guarantee commission at the rate of half a *per cent* to two *per cent* per annum. As per Finance Accounts 2022-23, the total maximum amount guaranteed¹⁵ (Principal only) by Government was ₹1,47,449.58 crore and guarantees outstanding as on 31 March 2023 were ₹1,15,249.61 crore for 20 SPSEs¹⁶. Further, Grants¹⁷ of ₹24,346.09 crore including ₹474.69 crore for creation of capital assets were given to SPSEs.

The details in respect of Subsidy, Grants and Guarantees given to SPSEs and received by the 20 SPSEs covered in this Report are given in **Table 1.5**.

Table 1.5: Details regarding budgetary support to SPSEs

Sl. No.	Particulars ¹⁸	2020-21		2021-22		2022-23	
		Number of SPSEs	Amount	Number of SPSEs	Amount	Number of SPSEs	Amount
1.	Grants/Subsidies provided	05	7,981.59	05	8,248.29	05	9,683.09
2.	Guarantees issued	07	17,131.20	04	6,616.46	04	23,455.16
3.	Guarantee Commitment	08	22,467.97	09	19,910.42	08	42,158.05

Source: Compiled on the basis of latest finalised accounts/Information of SPSEs as on 30 September 2023

The other 104 SPSEs did not furnish information despite being requested (September 2023).

1.6 Arrears in finalisation of accounts

The Financial Statements of the Companies for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.*, by September end in accordance with the provisions of Section 96(1) of the Act. Failure to do so may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The details of progress made by working SPSEs in finalisation of accounts as on 30 September 2023 are in **Table 1.6**.

Table 1.6: Position relating to finalisation of accounts of working SPSEs

Sl. No.	Particulars	2022-23
1.	Number of SPSEs	103
2.	Number of accounts finalised during the year	52 ¹⁹
3.	Number of accounts in arrears	342
4.	Number of SPSEs with arrears in accounts	90

¹⁵ Source: Statement 20 of Finance Account 2022-23

¹⁶ these 20 SPSEs are distinct from the SPSEs covered in this Report

¹⁷ Source: Statement 10 of Finance Account 2022-23

¹⁸ amount represents outgo from State Budget only

¹⁹ excluding 13 SPSEs for which Non-Review Certificate was issued

5. Extent of arrears (in years)

1 to 17

Source: Compiled on the basis of latest finalised accounts and information received from SPSEs as on 30 September 2023

The administrative departments have the responsibility to oversee the activities of the SPSEs. The administrative departments concerned are also responsible to ensure that the SPSEs finalise and adopt their accounts within the stipulated period. In view of the huge arrears in submission of accounts by the SPSEs, the Accountant General had taken up (September 2023 and November 2023) the matter with the State Government and the administrative departments concerned for liquidating the arrears of accounts of SPSEs. As on September 2023, however, 90 SPSEs had a backlog of 342 accounts with period of arrears ranging from one to 17 years, which was significant as depicted in *Appendix II*.

1.7 Impact of arrears in accounts

Delays in finalisation of the accounts entail the risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the position of arrears of accounts indicated under *paragraph 1.6*, the actual contribution of all SPSEs to the GSDP for the year 2022-23 could not be ascertained and their contribution to the State exchequer could not be reported to the State Legislature.

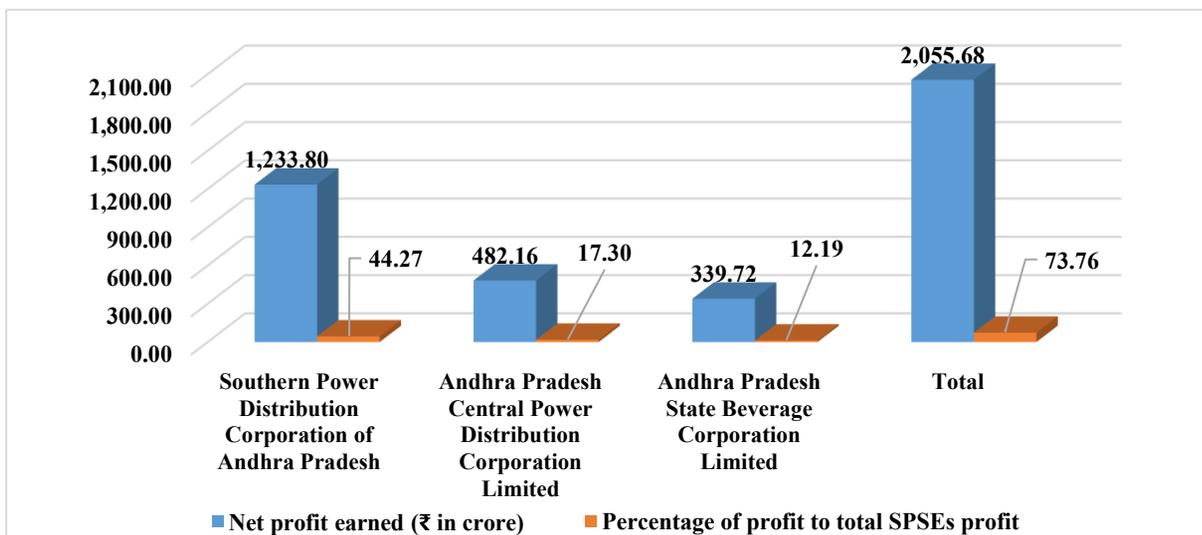
1.8 Performance of SPSEs as per their latest finalised accounts

1.8.1 Profit earned by SPSEs

Out of 20 SPSEs covered in this Report, 14 SPSEs earned a combined profit of ₹2,786.83 crore in 2022-23 as compared to 10 SPSEs (out of 20 SPSEs) which earned profit of ₹861.78 crore in 2021-22. The increase in aggregate profit is mainly attributable to two power companies *i.e.*, Southern Power Distribution Corporation of Andhra Pradesh Limited and Andhra Pradesh Central Power Distribution Corporation Limited. The top three SPSEs contributed 73.76 per cent of the total profit earned by 14 SPSEs in 2022-23. The details are given in *Chart 1.2*.

Chart 1.2: Top SPSEs which contributed maximum profit

(₹ in crore)



Source: Compiled on the basis of latest finalised accounts/Information of SPSEs as on 30 September 2023

1.8.2 Dividend paid by SPSEs

As per the guidelines issued (2002) by Public Enterprises Department, GoAP, no dividend shall be declared or paid by SPSEs for any financial year except out of the profits of the SPSEs for that year arrived at after providing for depreciation in accordance with provisions of Companies Act. The guidelines, however, did not prescribe any fixed rate of dividend to be paid by the SPSEs. During the year 2022-23, none of the SPSEs paid any dividend.

1.8.3 Return on Capital Employed

Return on Capital Employed (RoCE) measures a company's profitability and the efficiency with which its capital is employed. The RoCE is calculated by dividing a company's earnings before interest and taxes by the capital employed²⁰. The details of RoCE of 20 working SPSEs during the period 2020-21 to 2022-23 are given in *Table 1.7*.

Table 1.7: Return on Capital Employed

(₹ in crore)

Particulars	Year	Number of SPSEs	Earnings Before Interest and Tax	Capital Employed	Return on Capital Employed (in per cent)
Government Companies					
Profit earning	2020-21	08	6,242.16	26,163.86	23.86
	2021-22	08	3,139.10	13,365.88	23.49
	2022-23	12	9,646.28	59,561.86	15.27
Loss incurring	2020-21	09	1,195.99	17,783.07	6.73
	2021-22	09	1,706.36	38,852.27	4.39
	2022-23	05	210.69	16,946.23	1.24
No profit / No loss	2020-21	01	0.00	0.00	--
	2021-22	01	0.00	0.00	--
	2022-23	01	0.00	0.00	--
Statutory Corporation					
Profit earning	2020-21	02	189.30	1,325.71	14.28
	2021-22	02	274.42	1,077.11	25.48
	2022-23	02	309.66	1,338.26	23.14
Loss incurring	2020-21	--	--	--	--
	2021-22	--	--	--	--
	2022-23	--	--	--	--
No profit / No loss	2020-21	--	--	--	--
	2021-22	--	--	--	--
	2022-23	--	--	--	--
Total	2020-21	20	7,627.45	45,272.64	16.85
	2021-22	20	5,119.88	53,295.26	9.61
	2022-23	20	10,166.63	77,846.35	13.06

Source: Compiled on the basis of latest financial statement of State Public Sector Enterprise as on 30 September 2023

As can be seen from the above table, RoCE in 20 SPSEs is generally on a downward trend from 16.85 per cent to 13.06 per cent during the period 2020-23. Further, the RoCE of 17 out of 20 SPSEs (as detailed in *Appendix III*), which generate their own revenue and run on commercial lines was positive (13.47 per cent) for the year 2022-23. The RoCE of the

²⁰ Capital Employed = Paid up Share capital plus Free Reserves and surplus plus Long-term loans minus Accumulated losses minus Deferred Revenue Expenditure

remaining three SPSEs, two of which pertained to Non-Power Sector²¹ and one²² pertained to Power Sector were negative for the year 2022-23. Out of the 17 SPSEs running on commercial lines, three SPSEs incurred losses during 2022-23.

1.8.4 Losses incurred

Out of 20 SPSEs, there were five SPSEs that incurred losses as per their latest finalised accounts. The losses incurred by these SPSEs increased to (-) ₹1,251.63 crore in 2022-23 as per their latest finalised accounts from (-) ₹151 crore in 2020-21, as given in **Table 1.8** below.

Table 1.8: Number of SPSEs that incurred losses during 2020-21 to 2022-23

(₹ in crore)				
Year	Number of loss making SPSEs	Net Loss for the year	Accumulated loss	Net-worth
Government Companies				
2020-21	09	(-)151.00	(-)2,263.97	122.38
2021-22	09	(-)3,637.66	(-)26,006.34	(-)18,100.17
2022-23	05	(-)1,251.63	(-)4,039.91	(-)1,766.53

Source: Compiled on the basis of latest financial statement of State Public Sector Enterprise as on 30 September 2023

In 2022-23, out of total loss of ₹1,251.63 crore incurred by five SPSEs, major portion viz., 98.07 per cent amounting to ₹1,227.55 crore was contributed by one power sector SPSE i.e., Andhra Pradesh Power Development Company Limited. Further, the details of investment in these SPSEs is given in **Table 1.9** below.

Table 1.9: Investment in SPSEs which have incurred losses in 2022-23

(₹ in crore)										
Sl. No.	Name of Companies/ Corporation	Paid-up capital				Long Term Borrowing				Net Profit after Tax
		GoAP	GoI	Others	Total	GoAP	GoI	Others	Total	
Government Companies										
1.	Andhra Pradesh Power Development Company Limited	100.00	0	1,968.28	2,068.28	0.00	0.00	16,155.38	16,155.38	(-)1,227.55
2.	Godavari Gas Private Limited	0	0	100.00	100.00	0.00	0.00	183.64	183.64	(-)3.82
3.	Amaravati Development Corporation Limited	100.00	0	0.00	100.00	0.00	0.00	2,282.91	2,282.91	(-)12.50
4.	Andhra Pradesh Metro Rail Corporation	5.00	0	0.00	5.00	0.00	0.00	0.00	0.00	(-)3.12
5.	YSR Steel Corporation Limited	0.10	0	0.00	0.10	49.97	0.00	40.85	90.93	(-)4.65
Grand total		205.10	0	2,068.28	2,273.38	49.97	0.00	18,662.78	18,712.76	(-)1,251.63

Source: Compiled on the basis of latest finalised accounts/Information of SPSEs as on 30 September 2023

²¹ Amaravati Development Corporation Limited and Andhra Pradesh Metro Rail Corporation Limited

²² Andhra Pradesh Energy University

As on 31 March 2023, the total investment in five loss making SPSEs was ₹20,986.14 crore in which 10.83 per cent was equity capital (₹2,273.38 crore) and 89.16 per cent comprised long-term loans (₹18,712.76 crore). Out of the total investment, State Government investment was ₹255.07 crore in terms of equity and long-term loan. Investment of ₹20,731.06 crore was raised from other sources.

1.8.5 Erosion of Net-worth in SPSEs

Essentially Net-worth is a measure of what an entity is worth to the owners. A negative Net-worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure.

As on 31 March 2023, out of 20 SPSEs, there were nine SPSEs with accumulated losses of ₹33,585.23 crore. Of these nine SPSEs, five SPSEs²³ incurred losses amounting to ₹1,251.63 crore during 2022-23 and four SPSEs²⁴ had not incurred loss, even though the SPSEs had an accumulated loss of ₹29,545.32 crore as per their latest finalised accounts. Out of the 20 SPSEs, six SPSEs had surplus of ₹3,955.37 crore and five SPSEs had neither accumulated losses nor surplus, as per their latest accounts.

Due to these accumulated losses, the overall Net-worth of these 20 SPSEs was negative at ₹22,882.28 crore against the shareholders' funds of ₹6,747.58 crore (Paid-up Capital: ₹6,032.22 crore + Free Reserves: ₹715.36 crore). Out of these, nine SPSEs which had accumulated losses, the major portion was due to the losses in three Power Distribution Companies (DISCOMs) of ₹29,544.74 (87.97 per cent) and one Power Development SPSE of ₹3,863.65 crore (11.50 per cent). However, the long-term viability of these DISCOMs could not be commented upon as the same are presently monopolies in their areas of operations and revenue recovery is dependent on various factors viz., reduction of their aggregate technical and commercial losses, decisions of Sector Regulator viz., Andhra Pradesh Electricity Regulatory Commission (APERC), operational efficiencies, etc. Similarly, in case of Andhra Pradesh Power Development Company Limited and Amaravati Development Corporation Limited, their viability would be dependent on the tariff orders of APERC and the business given by the State Government respectively.

Table 1.10: Detail of SPSEs whose Net-worth has eroded as per their latest finalised accounts as of September 2023

(₹ in crore)								
Sl. No.	Name of the SPSEs	Latest year of finalised Accounts	Total paid up capital	Net profit /Loss after interest, tax and dividend	Accumulat-ed losses	Net-Worth	State Government equity as on 31 March 2023	State Government loan as on 31 March 2023
1.	Andhra Pradesh Power Development	2021-22	2,068.28	(-)1,227.55	(-)3,863.65	(-)1,795.37	100.00	0.00

²³ Andhra Pradesh Power Development Company Limited, Andhra Pradesh Metro Rail Corporation, Amaravati Development Corporation Limited, Godavari Gas Private Limited and YSR Steel Corporation Limited

²⁴ Andhra Pradesh Central Power Distribution Corporation Limited, Eastern Power Distribution Company of Andhra Pradesh Limited, Southern Power Distribution Company of Andhra Pradesh Limited and Andhra Pradesh Energy University

	Company Limited							
2.	Andhra Pradesh Central Power Distribution Corporation Limited	2022-23	0.10	482.16	(-) 9,725.79	(-) 9,725.69	0.10	0.00
3.	Eastern Power Distribution Company of Andhra Pradesh Limited	2022-23	121.23	19.70	(-) 7,237.94	(-) 7,116.71	121.23	24.61
4.	Southern Power Distribution Company of Andhra Pradesh Limited	2022-23	358.72	1,233.80	(-) 12,581.01	(-) 12,222.29	358.72	9.48
5.	Amaravati Development Corporation Limited	2021-22	100	(-) 12.50	(-) 136.96	(-) 36.96	100.00	0.00
6.	Andhra Pradesh Energy University	--	0.05	0.00	(-) 0.58	(-) 0.53	0.00	0.00
7.	Andhra Pradesh Metro Rail Corporation	2021-22	5.00	(-) 3.12	(-) 14.93	(-) 9.93	5.00	0.00
8.	YSR Steel Corporation Limited	2019-20	0.10	(-) 4.65	(-) 11.14	(-) 11.04	0.10	49.97
Total			2,653.48	487.84	33,572.00	(-) 30,918.52	685.15	84.06

Source: Compiled on the basis of latest finalised accounts/Information of SPSEs as on 30 September 2023

Note: The data given in the table in respect of Sl.No.1, 5 to 8 pertains to 2022-23 as per information received

The Net-worth of above mentioned eight²⁵ out of nine SPSEs had been completely eroded by accumulated loss and their Net-worth was either zero or negative. The Net-worth of these eight SPSEs was (-) ₹30,918.52 crore against equity investment of ₹2,653.48 crore as on 31 March 2023. In eight SPSEs whose capital had been eroded, State Government loans outstanding as on 31 March 2023 amounted to ₹84.06 crore in respect of three SPSEs.

1.9 Comment on Accounts

1.9.1 Audit of accounts of SPSEs under Section 143 of the Companies Act, 2013

As on 30 September 2023, 13 SPSEs submitted their Financial Statements for the year 2022-23. Further, 28 SPSEs submitted 50 Financial Statements/accounts for previous years spanning from 2014-15 to 2021-22.

Of the 69 accounts²⁶ received during the period (October 2022 to September 2023), Supplementary Audit and issue of CAG Comments in respect of 20 Accounts had been completed (14 accounts-final Comments and six Accounts-Nil Comments) and Non Review Certificate (NRC) was issued for 11 accounts. Further, of the 36 accounts pending at the beginning of October 2022, for 32 Accounts CAG Comments were issued (27 Accounts-Final

²⁵ Ninth SPSE: Godavari Gas Private Limited had accumulated losses but had a positive Net-worth, so not included in the above table

²⁶ includes three Accounts of inactive PSU i.e. ABC(Next) India Private Limited and also three revised accounts of three entities i.e. Andhra Pradesh State Fiber Net Limited, Andhra Pradesh State Irrigation Development Corporation Limited and Bio Valley Incubation Council

Comments, five Accounts- Nil Comments) and NRC was issued for two accounts while Audit certificates of two accounts were under progress. Thus, 40 accounts were under process at various stages as of 30 September 2023, of which 38 were received during the year and two were of the previous period. Therefore, final comments were issued in respect of 41 financial statements (as detailed in *Appendix IV*), while Nil Comments were issued for 11 financial statements.

1.9.2 Significant Comments of the Comptroller and Auditor General of India issued as supplement to the Statutory Auditor's report

Subsequent to the audit of the financial statements for the year 2022-23 and that of the financial statements for the previous years received by 30 September 2023, the CAG conducted Supplementary Audits of 52²⁷ accounts of the selected SPSEs. Some of the significant comments issued on financial statements of Government Companies, the financial impact of the comments on the profitability was ₹139.32 crore and on assets/liabilities was ₹1,207.66 crore as detailed in *Appendix V*.

1.10 Disinvestment, Restructuring and Privatisation of SPSEs and reforms in power sector

During the year 2022-23, there was neither disinvestment of any SPSE nor was any SPSE privatised.

1.11 Corporate Governance

Corporate Governance deals with adherence to Corporate Governance principles by the Government Companies. Issues related to appointment of Independent Directors/Women Directors in the Board of Directors (BoDs) of the Government Companies, their presence in attending the meetings of the BoDs and the committees formed thereunder, holding of meetings of the Board of Directors *etc.*, are highlighted.

1.11.1 Introduction

Corporate Governance focusses on building the confidence of its various stakeholders including customers, suppliers, employees, shareholders, bankers and society at large. A Company is directed and controlled with the system of rules, practices and processes of Corporate Governance. Further, Corporate Governance framework of any SPSE depends upon the four pillars namely transparency, full disclosures, independent monitoring and fairness to all. Adherence to Corporate Governance brings accountability, transparency in business and enhances confidence of the stakeholders.

1.11.2 Provisions as contained in the Companies Act 2013

The Companies Act, 2013 was enacted on 29 August 2013 replacing the Companies Act, 1956. In addition, Companies Rules 2014 on Management and Administration, Appointment and Qualification of Directors, Meetings of the Board and its powers and Accounts have been notified (March 2014) by the Ministry of Corporate Affairs. The Companies Act, 2013 together

²⁷ out of 52 accounts for which audit was conducted, 20 accounts were received during 01.10.2022 to 30.09.2023, remaining 32 were received prior to 01.10.2022. Further, 52 accounts exclude 13 accounts for which NRCs were issued up to 30.09.2023

with the Rules issued there under provide a robust framework for Corporate Governance. The requirements, *inter alia* provide for:

Qualifications for Independent Directors along with the duties and guidelines for professional conduct (Sections 149 (6) and (8)) and Schedule IV read with Rule 5 of the Companies (Appointment and Qualification of Directors), Rules, 2014.

Mandatory appointment of one Woman Director on the Board of Companies {Section 149(1)}.

Mandatory establishment of certain committees *viz.*, Corporate Social Responsibility Committee {Section (135)}, Audit Committee {Section 177(1)}, Nomination and Remuneration Committee {Section 178(1)}, and Stakeholders Relationship Committee {Section 178(5)}.

Holding of a minimum of four meetings of Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board {Section 173(1)}.

1.11.3 SEBI guidelines on Corporate Governance

Subsequent to the enactment of Companies Act, 2013, Securities Exchange Board of India (SEBI) notified (September 2021) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2021, which came into effect from 7 September 2021 repealing the earlier provisions.

Only two SPSEs *i.e.*, Andhra Pradesh State Beverages Corporation Limited and Andhra Pradesh Power Finance Corporation Limited are registered as listed SPSEs out of the total 103 SPSEs. Both these SPSEs are debt-listed. Both the SPSEs complied with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2021.

1.12 Composition of Board of Directors

The Board is a collective body of either elected or appointed persons that meets at regular intervals to set policies for corporate management and oversee the activities of an organisation. As per Section 2 (10) of the Companies Act, 2013 ‘BoDs’ or ‘Board’, in relation to a Company, means the collective body of the Directors of the Company.

1.12.1 Independent Directors

The presence of independent representatives on the Board, capable of taking an independent view of the decisions of the management, is widely considered as a means of protecting the interests of shareholders and other stakeholders.

Section 149 (6) of the Companies Act, 2013 *inter alia* stipulated that an Independent Director (ID) in relation to a Company, means a Director other than a Managing Director or a whole-time Director or a nominee Director and is a person of integrity and possesses relevant expertise and experience. Besides, the ID shall neither be a promoter himself nor shall be related to the promoters/directors of the Company or its holding, subsidiary or associate Company. The ID himself or his relatives shall not have any pecuniary relationship/ transaction (other than remuneration of ID) with the Company, or its subsidiary, or its holding or associate Company beyond the monetary limits and during the period prescribed in this section. The ID himself or

his relatives shall not hold key managerial position or any other prescribed relationship *viz.*, employee, auditors, companies' secretaries, *etc.*, with the Company or its holding, subsidiary or associate Company during the timeframe prescribed in this section.

Section 149 (4) of the Companies Act, 2013 provides that every listed Public Company shall have at least one third of the total number of Directors as IDs. Further, as per Rule 4 of the Companies (Appointment and Qualification of Directors) Rules 2014, (i) Public Companies having paid up share capital of ten crore rupees or more; or (ii) turnover of one hundred crore rupees or more; or (iii) having, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees shall have at least two Directors as IDs.

Further, a Company covered under this rule is also required to constitute an Audit Committee. Such Audit Committee shall consist of a minimum of three Directors, with Independent Directors forming a majority as per section 177(2) of the Act, 2013.

Rule further provides that where a Company ceases to fulfil any of three conditions for three consecutive years, it shall not be required to comply with these provisions until such time as it meets any of such conditions.

Further, as per Rule 4 (2), three classes of an unlisted Public Company *i.e.*, a joint venture or a wholly owned subsidiary or a dormant Company is not required to appoint an ID.

Out of information made available by 42 SPSEs, 13 SPSEs were required to appoint IDs as per the provisions of the Act, 2013 and Rule mentioned above during the financial year 2022-23. Based on the review of composition of the BoDs a summarised status of appointment of IDs in these SPSEs is given in **Table 1.11**.

Table 1.11: Status of appointment of Independent Directors

Particulars	As on 31 March 2023
Number of SPSEs required to appoint IDs	13
Number of SPSEs having required number of IDs	4 ²⁸
Number of SPSEs not having required number of IDs	--
Number of SPSEs not having any ID	9 ²⁹

Source: Compiled on the basis of information provided by SPSEs as on 30 September 2023

1.12.2 Woman Director in the Board

Section 149 (1) of the Companies Act, 2013, read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provided for appointment of at least one Woman Director in (i) Every listed Company; or (ii) Every other Public Companies having (a) paid up share capital of ₹100 crore or more; or (b) turnover of ₹300 crore or more. Further, any intermittent vacancy of a Woman Director shall be filled up by the Board at the earliest but not

²⁸ Andhra Pradesh Power Generation Corporation Limited, Easter Power Distribution Company of Andhra Pradesh Limited, Southern Power Distribution Company of Andhra Pradesh Limited and Andhra Pradesh State Beverages Corporation Limited

²⁹ Andhra Pradesh State Seeds Development Corporation Limited, Andhra Pradesh Power Development Company Limited, NICDIT Krishnapatnam Industrial City Development Limited, Andhra Pradesh State Fibernet Limited, Andhra Pradesh State Financial Services Corporation Limited, Andhra Pradesh Brahmin Welfare Corporation, Amaravati Development Corporation Limited, Andhra Pradesh Power Finance Corporation Limited and Transmission Corporation of Andhra Pradesh

later than immediate next board meeting or three months from the date of such vacancy whichever is later.

As per the information available from the SPSEs, 11 SPSEs were required to appoint Women Directors during 2022-23. Of these 11 SPSEs, four SPSEs had at least one Woman Director throughout the financial year 2022-23 as given in **Table 1.12**.

Table 1.12: SPSEs having at least one Woman Director during 2022-23

Sl. No.	Name of the State Public Sector Enterprises
1.	Amaravati Development Corporation Limited
2.	Andhra Pradesh State Beverages Corporation Limited
3.	Eastern Power Distribution Company of Andhra Pradesh Limited
4.	Southern Power Distribution Company of Andhra Pradesh Limited

Source: Compiled on the basis of information provided by SPSEs

In the remaining seven SPSEs, the Woman Director was not appointed as on 31 March 2023 as given in below **Table 1.13**.

Table 1.13: SPSEs not having Woman Director during 2022-23

Sl. No.	Name of the State Public Sector Enterprises
1.	Andhra Pradesh State Seeds Development Corporation Limited
2.	Andhra Pradesh Power Development Company Limited
3.	Andhra Pradesh Power Generation Corporation Limited
4.	National Industrial Corridor Development and Implementation Trust (NICDIT) Krishnapatnam Industrial City Development Limited
5.	Andhra Pradesh State Financial Services Corporation Limited
6.	Andhra Pradesh Power Finance Corporation Limited
7.	Transmission Corporation of Andhra Pradesh Limited

Source: Compiled on the basis of information provided by SPSEs

1.13 Appointment and Functioning of Independent Directors

1.13.1 Issuance of formal letter of appointment and approval at General Meeting

As per Schedule IV of the Companies Act, 2013, appointment of ID shall be approved at the meeting (General Meeting) of shareholders. Further, the appointment of IDs shall be formalised through a letter of appointment which shall set out the terms and conditions of appointment. Further, the terms and conditions of appointment of IDs are also required to be posted on the Company's website.

1.13.2 Training of Independent Directors

As per Schedule IV {Para III (1)- Duties of Independent Directors} of the Companies Act, 2013, IDs shall undergo appropriate induction training and regularly update and refresh their skills, knowledge, and familiarity with the Company. As per the information available from the SPSEs, none of the SPSEs imparted such training for the IDs who were on the Board during the financial year 2022-23.

1.13.3 Attending Board meetings, meetings of Board of Committees and General meetings of the Company

Schedule IV (III) (3) of the Act, 2013, provided that IDs should strive to attend all meetings of the Board of Directors and Board Committees of which he/she was a member.

1.13.3.1 Board meetings

Status of attendance of the IDs who were on the Board at the time of the meeting are given in **Table 1.14**.

Table 1.14: Presence of Independent Directors in meetings of the Board during 2022-23

Sl. No.	Name of the State Public Sector Enterprises	Number of Board meeting	Number of meetings with 100 per cent presence of ID
1.	Andhra Pradesh Power Generation Corporation Limited	10	0
2.	Eastern Power Distribution Company of Andhra Pradesh	15	0
3.	Southern Power Distribution Company of Andhra Pradesh Limited	11	0
4.	Andhra Pradesh State Beverage Corporation Limited	12	1

Source: Compiled on the basis of information provided by SPSEs

It could be seen from the table above that 100 per cent presence of IDs was in two per cent of the Board Meetings.

1.13.3.2 Meeting of Board Committees

Audit Committee – The status of presence of the IDs on the Board during Audit Committee meetings held in the financial year 2022-23 is given in **Table 1.15**.

Table 1.15: Attendance of Independent Director in Audit Committee Meetings

Sl. No.	Name of the State Public Sector Enterprises	Date of Meeting	Number of ID on Board	Number of ID Attended
1.	Andhra Pradesh Power Generation Corporation Limited	14.07.2022	2	1
		29.12.2022	2	0
2.	Eastern Power Distribution Company of Andhra Pradesh Limited	20.05.2022	3	2
		28.06.2022	3	2
		26.08.2022	3	2
		10.11.2022	3	2
		27.02.2023	3	2
3.	Southern Power Distribution Company of Andhra Pradesh Limited	26.05.2022	2	2
		28.06.2022	2	2
		20.08.2022	2	2
		13.09.2022	2	2
		14.11.2022	2	2
		25.02.2023	2	2
4.	Andhra Pradesh State Beverages Corporation Limited	08.12.2022	3	2
		13.02.2023	3	2
		20.03.2023	3	1

Source: Compiled on the basis of information provided by SPSEs as on 30 September 2023

1.13.3.3 General meeting

Schedule IV (III) (5) of the Companies Act, 2013 states that IDs shall strive to attend all the General Meetings of the Company. As per the information available from the SPSEs, IDs in five SPSEs were on the Board at the time of Annual General Meeting (AGM) during 2022-23. The details of the AGM held in 2022-23, number of IDs on the Board of the SPSE and number of IDs that attended the meeting are given in **Table 1.16**.

Table 1.16: Attendance of Independent Director in Annual General Meetings

Sl. No.	Name of the SPSE	Date of AGM	Number of ID on Board	Number of ID Attended
1.	Andhra Pradesh Power Generation Corporation Limited	29.12.2022	2	2
2.	Eastern Power Distribution Company of Andhra Pradesh Limited	30.08.2022	3	2
3.	Southern Power Distribution Company of Andhra Pradesh Limited	13.09.2022	2	2
4.	Andhra Pradesh State Beverages Corporation Limited	24.01.2023	3	3

Source: Compiled on the basis of information provided by SPSEs as on 30 September 2023

1.13.4 Separate meeting of Independent Directors

As per Schedule IV (VII) (1) of the Companies Act, 2013, the IDs of the Company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management. Further, all the IDs of the Company shall strive to be present at such meetings to review the performance of non-independent directors and the Board as a whole. The performance of the Chairperson of the Company would also be reviewed, considering the views of Executive Directors and non-Executive Directors.

As per the information available, out of the four SPSEs, wherein more than one ID was on the Board during 2022-23, IDs of two³⁰ SPSEs had conducted a separate meeting, whereas IDs of remaining two SPSEs³¹ did not conduct separate meeting during 2022-23.

1.14 Filling-up the posts of Key Managerial Personnel

Section 203(1) of the Companies Act, 2013 provides that every Company belonging to such class or classes of Companies, as may be prescribed, shall have whole time Key Managerial Personnel (KMP) viz., (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole Time Director; (ii) Company Secretary; and (iii) Chief Financial Officer.

Further, Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 provides that every listed Company and every other Public Company having a paid-

³⁰ Eastern Power Distribution Company of Andhra Pradesh Limited and Andhra Pradesh State Beverages Corporation limited

³¹ Andhra Pradesh Power Generation Corporation Limited and Southern Power Distribution Company of Andhra Pradesh Limited

up share capital of ₹10 crore or more shall have whole-time KMP. Section 203(4) of the Act, 2013 further provided that if the office of any whole-time KMP is vacated, the resulting vacancy shall be filled-up by the Board, at a meeting of the Board, within a period of six months from the date of such vacancy.

As per the information available, the paid-up capital of 10 SPSEs was ₹10 crore or more in the financial year 2022-23. Hence, these companies were required to appoint whole time KMPs. Of these 10 SPSEs, whole time KMPs were found appointed in nine SPSEs³², whereas, in remaining one SPSE (Andhra Pradesh Brahmin Welfare Corporation), no information was furnished regarding the appointment of their KMP.

1.15 Meetings of Board of Directors and Board Committee

Section 173(1) of the Companies Act, 2013, stipulates that every Company shall hold the first meeting of the Board of Directors (BoDs) within thirty days of the date of its incorporation and thereafter hold a minimum number of four meetings of its BoDs every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board.

Out of information made available by 42 SPSEs, 12 SPSEs did not conduct the required number of four BoDs meetings during the year 2022-23 as detailed in **Table 1.17**.

Table 1.17: SPSEs which did not conduct required number of Board meetings in a year

Sl. No.	Name of the State Public Sector Enterprises
1.	Energy University of Andhra Pradesh
2.	Andhra Pradesh MSME Development Corporation
3.	Vizag Apparel Park for Export
4.	Andhra Pradesh Aviation Corporation Limited
5.	Andhra Pradesh State Financial Services Corporation Limited
6.	Andhra Pradesh Brahmin Welfare Corporation
7.	Andhra Pradesh State Minorities Finance Corporation Limited
8.	Andhra Pradesh Centre for Financial System and Services
9.	Andhra Pradesh State Development Corporation Limited
10.	Foundation for Leadership, Excellence and Governance (Private)
11.	Andhra Pradesh Forest Development Corporation Limited (Private)
12.	Andhra Pradesh Rajiv Swagraha Corporation Limited

Source: Compiled on the basis of information provided by SPSEs as on 30 September 2023

Further, as per the information made available, five out of 12 SPSEs did not follow the provision of keeping a gap of not more than 120 days between two consecutive meetings of BoDs during the year 2022-23. A gap range of 126-208 days was noticed between two consecutive meetings of BoDs for the SPSEs as listed in **Table 1.18**.

³² Andhra Pradesh Power Development Company Limited, Andhra Pradesh Power Generation Corporation Limited, Eastern Power Distribution Company of Andhra Pradesh Limited, Southern Power Distribution Company of Andhra Pradesh Limited, NICDIT Krishnapatnam Industrial City Development Limited, Andhra Pradesh State Financial Services Corporation Limited, Transmission Corporation of Andhra Pradesh, Amaravati Development Corporation Limited and Andhra Pradesh Power Finance Corporation Limited

Table 1.18: SPSEs which did not follow the gap of not more than 120 days between two consecutive meetings of Board of Directors

Sl. No.	Name of the State Public Sector Enterprise	Maximum gap (in days) between two consecutive meetings of Board of Directors
1.	Andhra Pradesh MSME Development Corporation	173
2.	Andhra Pradesh Brahmin Welfare Corporation	182
3.	Andhra Pradesh State Minorities Finance Corporation Limited	131
4.	Andhra Pradesh Centre for Financial System and Services	208
5.	Andhra Pradesh Forest Development Corporation Limited	126

Source: Compiled on the basis of information provided by SPSEs as on 30 September 2023

1.16 Audit Committee and Other Committees of the Board

1.16.1 Composition of Audit Committee

As per Section 177 (1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its powers) Rules, 2014, the BoD of every listed Public Company and all Public Companies with a paid up capital of ₹10 crore or more; or having turnover of ₹100 crore or more; or having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding ₹50 crore or more, except Joint Venture Companies and wholly owned subsidiary Companies shall constitute an Audit Committee.

As per the criteria, 13 SPSEs having the requirement of IDs in their Board were required to constitute an Audit Committee and as per Information available, out of 13 SPSEs, 10 SPSEs had constituted the Audit Committee as detailed in **Table 1.19**. The remaining three SPSEs³³, had not constituted the Audit Committee as on 31 March 2023.

Table 1.19: SPSEs which constituted Audit Committee

Sl. No.	Name of the State Public Sector Enterprise
1.	Andhra Pradesh Power Development Company Limited
2.	Andhra Pradesh Power Generation Corporation Limited
3.	Eastern Power Distribution Company of Andhra Pradesh Limited
4.	Southern Power Distribution Company of Andhra Pradesh Limited
5.	NICDIT Krishnapatnam Industrial City Development Limited
6.	Andhra Pradesh State Beverages Corporation Limited
7.	Andhra Pradesh State Financial Services Corporation Limited
8.	Amaravati Development Corporation Limited
9.	Andhra Pradesh Power Finance Corporation Limited
10.	Transmission Corporation of Andhra Pradesh Limited

Source: Compiled on the basis of information provided by SPSEs as on 30 September 2023

Section 177(2) of the Companies Act, 2013 provides that the Audit Committee shall consist of a minimum of three Directors, with IDs forming a majority. Further, most members of the

³³ Andhra Pradesh State Seeds Development Corporation Limited, Andhra Pradesh State Fibernet Limited and Andhra Pradesh Brahmin Welfare Corporation

Audit Committee including its Chairperson shall be persons with the ability to read and understand the financial statement.

As per the information available from the SPSEs, nine SPSEs³⁴ wherein Audit Committee was constituted had fulfilled the criteria of having at least three members in their Audit Committee during the financial year 2022-23.

1.16.2 Nomination and Remuneration Committee

As per Section 178(1) of the Act, 2013 and Rule 6 of the Companies (Meetings of Board and its powers) Rules, 2014, the BoD of every listed Public Company and all Public Companies with a paid up capital of ₹10 crore or more; or having turnover of ₹100 crore or more; or having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding ₹50 crore or more, shall constitute a Nomination and Remuneration Committee (NRC).

As per information available from the SPSEs, 13 SPSEs were required to constitute the NRC. Six SPSEs³⁵ had constituted the NRC whereas seven SPSEs as given in **Table 1.20**, did not constitute the NRC.

Table 1.20: SPSEs which did not constitute NRC

Sl. No.	Name of the State Public Sector Enterprise
1.	Andhra Pradesh State Seeds Development Corporation Limited
2.	Andhra Pradesh Power Development Company Limited
3.	Andhra Pradesh Power Generation Corporation Limited
4.	Andhra Pradesh State Fibernet Limited
5.	Andhra Pradesh Brahmin Welfare Corporation
6.	Andhra Pradesh Power Finance Corporation Limited
7.	Transmission Corporation of Andhra Pradesh Limited

Source: Compiled on the basis of information provided by SPSEs as on 30 September 2023

The Companies Act, 2013 further provides that the NRC should consist of three or more non-executive directors out of which not less than one-half shall be IDs. The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the NRC but shall not chair such Committee.

An analysis of six SPSEs which had constituted the NRC disclosed that the composition of the NRC of two SPSEs *i.e.*, Andhra Pradesh State Financial Services Corporation Limited and Amaravati Development Corporation Limited were not as per the provisions of the Act 2013. In these two SPSEs, NRC was established with only two non-executive Directors as against three or more, as per the provision of Section 178(1) of Companies Act, 2013.

1.17 Whistle Blower Mechanism

Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its power) Rules provides that every listed Company; the Companies which accept

³⁴ except Andhra Pradesh State Financial Securities Company Limited

³⁵ Eastern Power Distribution Company of Andhra Pradesh Limited, Southern Power Distribution Company of Andhra Pradesh Limited, NICDIT Krishnapatnam Industrial City Development Limited, Andhra Pradesh State Beverages Corporation Limited, Andhra Pradesh State Financial Services Corporation Limited and Amaravati Development Corporation Limited

deposits from the public; the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees shall establish a Vigil Mechanism for their Directors and employees to report genuine concerns and grievances about unethical behaviour, suspected fraud or violation of Company’s code of conduct or ethics policy. It provides for adequate safeguards against victimisation of persons who use such mechanism.

As per information made available by 42 SPSEs, 12 SPSEs were required to establish Vigil Mechanism to report genuine concerns or grievances. Of these 12 SPSEs, six SPSEs³⁶ had reported the establishment of Whistle Blower Mechanism whereas remaining six SPSEs as given in **Table 1.21** did not have Whistle Blower Mechanism.

Table 1.21: Implementation of Whistle Blower Mechanism

Sl. No.	Name of the SPSEs
1.	Andhra Pradesh State Seeds Development Corporation Limited
2.	Andhra Pradesh Power Development Company Limited
3.	YSR Steel Corporation Limited (AP High Grade Steels Limited)
4.	Andhra Pradesh State Fibernet Limited
5.	Andhra Pradesh State Beverages Corporation Limited
6.	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited

Source: Compiled on the basis of information provided by SPSEs as on 30 September 2023

1.18 Conclusions

This chapter presents the financial performance of State Public Sector Enterprises as regards the amount of investment made by the Government in the form of equity and long-term loans; oversight role of CAG with respect to compliance matters of various criteria and preparation and submission of financial statements by State Public Sector Enterprises; and with adherence to Corporate Governance guidelines stipulated for Government Companies. Matters related to the appointment of Independent Directors/ Women Directors in the Board of Directors of Government Companies, the constitution of Audit Committee, *etc.*, are highlighted in this chapter.

- i. As on 31 March 2023, there were 124 SPSEs of which 103 are working and 21 are inactive SPSEs under the audit jurisdiction of CAG. Out of 103 working SPSEs, eleven SPSEs are in the Power sector.
- ii. This report covers detailed financial status of 20 SPSEs, based on their latest accounts received (13) and information furnished (seven) by the SPSEs, which reflect the following results, as on 31 March 2023:
 - a. Annual turnover of ₹88,176.83 crore of these 20 SPSEs was equal to 6.69 *per cent* of the GSDP of Andhra Pradesh.

³⁶ Andhra Pradesh Power Generation Corporation Limited, Easter Power Distribution Company of Andhra Pradesh Limited, Southern Power Distribution Company of Andhra Pradesh Limited, Amaravati Development Corporation Limited, Andhra Pradesh Power Finance Corporation Limited and Transmission Corporation of Andhra Pradesh

- b. The investment of the State Government in equity and long-term loans in 20 SPSEs was ₹5,534.42 crore against total investment of ₹1,06,761.20 crore. The outstanding long terms loans of State Government in these SPSEs was ₹1,574.61 crore.
- c. 14 SPSEs earned profits (₹2,786.83 crore), while five SPSEs incurred losses (₹1,251.63 crore). As on 31 March 2023, five SPSEs had accumulated losses of ₹4,039.91 crore in these loss-making SPSEs.
- iii. As a result of the supplementary audit of the CAG of 52 accounts, Significant comments highlighting inaccuracies in the Financial Statements impacting profitability by ₹139.32 crore (9.08 per cent of total profit of ₹1,535.20 crore by 20 SPSES) and assets/liabilities by ₹1,207.66 crore were issued.
- iv. During 2022-23, 12 State SPSEs did not conduct the mandatory requirement of four meetings of Board of Directors'. Only four out of 13 SPSEs had the required number of Independent Directors. Woman Director was not appointed in seven SPSEs. Only in two SPSEs' Independent Directors conducted a separate meeting without the non-independent directors and members of the management and in the remaining two SPSEs' Independent Directors did not conduct the said meeting.
- v. Whole time Key Managerial Personnel were found appointed in nine out of 10 SPSEs. Audit Committee was constituted in 10 out of 13 SPSEs.
- vi. Only six out of 13 SPSEs have constituted Nomination and Remuneration Committee. Out of 12 SPSEs, only six SPSEs had established vigil mechanism to report genuine concerns and grievances.

1.19 Recommendations

The Government of Andhra Pradesh may:

- i. Review the functioning of all loss-making SPSEs and take necessary steps to improve their financial performance, ensure sound financial position of the SPSEs.*
- ii. Expedite the process of liquidation for 21 inactive SPSEs.*
- iii. Issue necessary instructions to Administrative Departments to set targets for individual SPSEs to furnish the accounts in time and to strictly monitor the clearance of arrears and take expeditious steps to reduce the arrears in the finalisation of accounts.*
- iv. Ensure that the number of Independent Directors, Woman Directors in the Board of Directors of SPSEs are in conformity with the provisions of Companies Act, 2013 to achieve objectives of Corporate Governance in SPSEs.*
- v. Ensure that vigil mechanism is installed as per the provisions of Companies Act, 2013.*

Chapter- II

Compliance Audit Observations

Chapter II

Youth Advancement, Tourism and Culture Department

Development and Maintenance of Infrastructure by Andhra Pradesh Tourism Development Corporation Limited

2.1 Introduction

The Andhra Pradesh Tourism Development Corporation Limited (APTDCL) is a government-owned entity responsible for promoting tourism in the State of Andhra Pradesh. It operates under the Youth Advancement, Tourism & Culture (YAT&C) Department, Government of Andhra Pradesh, and is tasked with objectives of development of tourism infrastructure, operation of tourism package services & promotional activities, maintenance of its assets constructed under Central/State Government Schemes and implementation of State Tourism policy 2020-25.

As at the end of March 2023, APTDCL held 137 hotels³⁷/wayside amenities, water fleet of boats and transport fleet of buses/mini buses for operating tour packages across the State. APTDCL is headed by a Managing Director, who oversees the day-to-day operations and implementation of policies.

2.1.1 Audit Framework

This Audit was conducted to assess whether tourism infrastructure development and maintenance activities were carried out in compliance with the existing guidelines, policies, rules, and regulations. The Audit was carried out between June and November 2023 covering the period from 2020-21 to 2022-23 at the office of the Managing Director, APTDCL and 33 *per cent* of units of three (SPSR Nellore, Visakhapatnam and Tirupati) out of seven divisional³⁸ offices (*Appendix VI*), were covered based on Income and Expenditure details for the audit period.

An Entry and an Exit Conference were held in June 2023 & November 2024 respectively with the officials of YAT&C Department and APTDCL for discussion of Audit framework and audit findings. The responses received on the findings have been incorporated in the Report. Audit Recommendations were discussed and were accepted (November 2024) by the Government.

2.1.2 Development of Infrastructure

APTDCL carries out its day-to-day activities with its internal accruals *viz.*, income from hotels, transport services, leased out properties, *etc.* As per provisional accounts³⁹ for the period 2020-21 to 2022-23, the revenue and expenses of APTDCL are as given in *Table 2.1*.

³⁷ self-managed hotels: 52, hotels operated under Operation & Maintenance (O&M) basis: 56 and hotels proposed to be given on O&M: 29

³⁸ Kakinada, Kadapa, Kurnool, SPSR Nellore, Tirupati, Vijayawada and Visakhapatnam

³⁹ annual accounts not yet finalised

Table 2.1: Showing Revenue and Expenses of APTDCL for the period 2020-23

(₹ in crore)			
Year	Total Revenue	Total Expenses	Net profit (+)/Loss (-) before tax
2020-21	77.03	86.59	(-) 9.56
2021-22	145.54	130.41	(+) 15.13
2022-23	163.06	149.86	(+) 13.20

Source: Provisional financial statements of APTDCL

It can be seen from the above that the total operating revenue of APTDCL increased from ₹77.03 crore in 2020-21 to ₹163.06 crore in 2022-23. APTDCL had incurred a loss of ₹9.56 crore in 2020-21, as revenue generation from operational activities⁴⁰ was severely impacted due to the Covid-19 pandemic. The shortfall in income to expenses was met from the accumulated reserves of previous financial years.

During the audit period (2020-21 to 2022-23), APTDCL had created 11 assets worth ₹39.73 crore⁴¹ from the funds received from Central/State Government and from its own revenues. The assets include various amenities viz., Restaurant, Resorts, Laser Show, Tourist amenities/facilities and development of caves, etc. Out of these, four assets valuing ₹25.29 crore were created by APTDCL in the sampled units during the audit period as detailed in **(Appendix-VIII (Sl.No.4) & XI (Sl. No. 3 to 5))**.

APTDCL receives funds from the Government of India (GoI) through Central Financial Assistance (CFA) under various schemes for tourism development activities. In addition to the CFA, State Government also allots budget for development of tourism infrastructure projects.

2.1.3 Development of infrastructure under Government of India funds

The GoI had sanctioned ₹242.88 crore and released ₹232.20 crore under four different schemes⁴² (as detailed in **Appendix VII**) to APTDCL during the period 2014-15 to 2018-19. The funds sanctioned continued to be utilised during the audit period also. APTDCL spent ₹221.92 crore out of the funds released as of March 2023. Out of the four schemes, assets created under Prasad and Hriday were handed over to the Endowment Department and Local Bodies respectively.

The remaining two schemes, viz., Swadesh Darshan (a 100 per cent sponsored scheme of GoI) and Sagarmala (GoAP has to contribute 50 per cent share towards cost of the project) were taken up by APTDCL for development of tourism infrastructure in the State.

2.1.3.1 Infrastructure works under Sagarmala

With the objective to create infrastructure to promote movement of cargo/passengers, GoI had provided (August 2016) financial support of 50 per cent (maximum of ₹10 crore) of the total project cost for construction of Platforms/Jetties to the State Government. Half of the amount would be disbursed upon approval of the project and remaining upon completion of work and submission of utilisation certificate.

⁴⁰ accommodation, food, bar facility and transport/water fleet activity, etc.

⁴¹ GoI funds: ₹14.99 crore, GoAP funds: ₹15.18, APTDCL funds: ₹9.56 crore

⁴² Prasad, Hriday, Sagarmala and Swadesh Darshan

In September 2016, GoAP proposed the construction of jetties at nine destinations and submitted Detailed Project Reports (DPRs) to GoI in December 2016. The GoAP had given consent (January 2017) to share 50 per cent (₹245.76 crore) of the total project cost of ₹491.52 crore under Sagarmala. The Department of Ports (DoP) informed (August 2017) APTDCL that GoI had accepted DPR of one project ‘Construction of Jetty at Bhavani Island’ at a cost of ₹21.98 crore. The GoI sanctioned ₹10 crore and released (June 2017) ₹five crore as first installment⁴³. Further, DoP requested to submit revised DPRs of the other eight projects based on suggestions given by Development Wing of the Ministry of Shipping, GoI.

Audit noticed that:

(i) GoI sanctioned (June 2017) ₹10 crore for the project “Construction of jetty at Bhavani Island”. Accordingly, APTDCL had prepared (September 2017) estimates, duly reducing the scope of work to construction of Jetty only against total value of project⁴⁴ costing ₹21.98 crore. The work awarded (November 2017) for ₹6.76 crore⁴⁵ was stopped in December 2019. As of March 2023, only ₹4.79 crore worth of work was executed⁴⁶.



Picture 1: Incomplete construction of Jetty work (Photograph taken on 12.04.2024)

Despite request (May 2020) made by APTDCL, GoAP did not release (as of March 2023) its share of ₹five crore to claim balance GoI share. As a result, the expenditure incurred of ₹4.79 crore remained unfruitful and balance amount of ₹0.21 crore also remained un-utilised for the last four years.

(ii) Regarding the remaining eight projects, Superintendent Engineer, APTDCL stated (May 2024) that revised DPRs were submitted in April 2018 for only three projects⁴⁷. The GoI had approved (August 2018 and November 2020) the revised DPRs and sanctioned ₹10 crore for each project subject to provisioning of State Government share for the project. Despite APTDCL’s request (between February and December 2020) to sanction State’s share for the projects, there was no response from GoAP. Due to non-release of GoAP share, GoI had not released the funds for the approved projects. Besides, the decision was not taken for the remaining five projects, thereby the proposals to have tourism projects in eight places did not materialise.

⁴³ balance ₹five crore would be released on submission of utilisation certificate after completion of work

⁴⁴ total scope of the Project was ₹21.98 crore consisting of four components viz., Construction of Jetty: ₹8.99 crore, Construction of jetty buildings and other works: ₹10.45 crore, Dredging: ₹0.53 crore, Contingencies & Other charges: ₹1.99 crore. Based on the sanction amount of GoI share of ₹10 crore, the works were awarded for “Construction of Jetty”: ₹10 crore leaving the other components of the Project

⁴⁵ with a condition to complete the work by May 2018

⁴⁶ 44 out of 58 proposed pile foundations were executed for construction of the jetty project

⁴⁷ construction of passenger Jetties at Kalingapatnam: ₹72.45 crore, Bheemunipatnam: ₹78.99 crore and Kakinada: ₹72.48crore

The Government replied (August 2024) that work would begin on receipt of State share. Regarding non-grounding of other projects, GoI insisted for DPRs with comprehensive planning and design of the jetties which increased project costs to ₹70-75 crore. Since GoI was offering a meagre amount of ₹10 crore as its share, GoAP had to bear the excess cost, exceeding APTDCL's budget, leading to the projects being dropped. Government stated (November 2024) that a proposal would be submitted for taking up of stalled and other approved works.

The reply is not acceptable, as the GoI approval was as per the Sagarmala guidelines; 50 *per cent* of the project cost up to ₹10 crore, on DPR of ₹21.98 crore in the year 2016. The requirement of ₹70-75 crore as mentioned (August 2024) in the GoAP reply was nowhere projected to the GoI at the time of project sanction. Had the GoAP released its share in time, the project could have been completed within the original estimate.

Thus, APTDCL could not leverage the funding extended by GoI due to non-release of GoAP share which led to stalling of one project and non-initiation of balance eight projects. As a result, the intended objectives of the scheme could not be achieved.

2.1.4 Infrastructure works under Swadesh Darshan

With the objective of development of tourism destinations in partnership with the State Governments, GoI launched Swadesh Darshan Scheme (SDS) in 2015 and extended the scheme (Swadesh Darshan 2.0) in April 2022. Under SDS, GoAP proposed three projects to GoI, *viz.*, Development of Kakinada Hope Island, Konaseema, Development of Coastal Tourism Circuit in SPSR Nellore District and Development of Mahayana Buddhist Circuit at various places in the State.

2.1.4.1 Development of Kakinada Hope Island Konaseema and Costal Tourism Circuit in SPSR Nellore

In order to develop a world class coastal and eco-tourism circuit, GoI sanctioned (March 2015) the project "Development of Kakinada Hope Island, Konaseema" at a cost of ₹67.83 crore. The project consisting of seven sub-components⁴⁸ was executed and utilisation certificates⁴⁹ for the expenditure incurred of ₹67.83 crore were submitted (June 2020) to GoI. Similarly, the project "Development of Costal Tourism Circuit in SPSR Nellore" consisting of eight components was sanctioned (June 2021) at a cost of ₹49.53 crore⁵⁰. The GoI released ₹47.76 crore and utilisation certificate for the expenditure incurred was submitted (September 2022) to GoI for ₹49.55 crore. The difference amount was yet to be received from GoI as of September 2022.

As per undertaking (number 7) of Swadesh Darshan Scheme, the State Government would bear or be responsible for all operational expenditure and be solely responsible for operation and maintenance (O&M) of the identified/developed projects. Necessary arrangements/agreements with the public/ private agencies for the operation of the assets shall be the responsibility of State Government. An undertaking has to be given by the State Government to GoI.

⁴⁸ Kakinada Beach front, Hope Island, Coringa Wildlife sanctuary, Vodalarevu, Adduru, S.Yanam & Kotipalli for ₹67.83 crore (expenditure incurred: ₹65.72 crore and Grant in hand: ₹2.11 crore)

⁵⁰ B.V. Palem: ₹14.99 crore, Nelapattu Bird Sanctuary: ₹5.30 crore, SPSR Nellore tank/lake: ₹4.64 crore, Kothakoduru Beach: ₹4.81 crore, Mypadu beach: ₹8.48 crore, Ramatheertham temple & beach: ₹2.99 crore & Iskapalli Beach: ₹ 2.26 crore, and Venadu Island ₹1.87 crore, Atakanitippa, ₹1.20 crore, Ubbalamadugu waterfalls: ₹0.64 crore and wifi contingencies design and drawings: ₹2.35 crore

Accordingly, GoAP had given (May 2015) an undertaking to GoI stating that APTDCL shall be responsible for O&M of the assets created under the scheme.

Scrutiny of records showed that eight out of 15 properties constructed (between 2018 and 2021) at a cost of ₹33.68 crore were not put to operation as of March 2023 (as detailed in **Appendix VIII**) and were lying idle for a period ranging between one year three months to five years. APTDCL had issued tenders for leasing out the properties under O&M from time to time⁵¹, however, no response was evinced by the bidders. The reasons for non-response by the bidders to take up the assets on O&M were not forthcoming from the records furnished to audit.

During physical verification of sites/projects, deterioration of infrastructure due to lack of proper maintenance, etc., were observed. Some of the instances are shown in the photographs given below in **Picture 2**.

Picture 2: Showing idling of properties created under Swadesh Darshan Scheme



⁵¹ May & August 2020, November 2021, September 2022, January-March 2023, August 2023

Audit noticed that as per undertaking given, it shall be the responsibility of APTDCL to put the asset into operation either by itself or through private parties. However, APTDCL had not made any arrangements for operating the assets by itself when there was no response from private parties and allowed the eight properties, developed at a cost of ₹33.68 crore, remain idle.

The Government replied (August 2024) that the delay in entrustment of the properties was due to Covid pandemic and lack of bidder response even after the pandemic. Further, it was replied that APTDCL is not operating the boating activities to Hope Island due to poor commercial viability. The Government stated (November 2024) that the properties were idle for some period due to issues related to bid process and bidding rates. At present, the properties are not idle and given on O&M.

The reply is not acceptable, as seven out of eight assets completed prior to Covid pandemic were also not put to operation. Further, APTDCL should have explored the possibility of operating the properties by itself when there was no response from the bidders. Further, documents (copy of tender, agreement, etc.) showing that the properties were given on O&M basis were not furnished to audit to verify correctness of the Government’s reply.

Thus, APTDCL, being responsible for sustainable O&M of the identified/ developed projects under the scheme, had kept the assets created idle without making them operational.

2.1.4.2 Development of Mahayana Buddhist Circuit

To create a tourist infrastructure by connecting existing Mahayana Buddhist relics, GoI sanctioned (September 2017) a project “Development of Buddhist Circuit in Andhra Pradesh” for ₹52.33 crore consisting of various components⁵² at five Buddhist sites. Out of five sanctioned works, the works regarding Buddhist sites at Thotlakonda/ Bavikonda were sanctioned (September 2017) by GoI at a cost of ₹13.42 crore⁵³ for undertaking seven components. Accordingly, APTDCL awarded (June 2018⁵⁴ & July 2018⁵⁵) works for two components to different contractors as detailed in **Table 2.2**.

Table 2.2: Showing details of works executed at Buddhist sites as of March 2023

(₹ in crore)				
Sl. No.	Name of the work	Agreement value	Value of Work executed	Status of work as of March 2023
1.	Construction of Tourist Amenity Centres (TAC) at Thotlakonda	2.29	0.18	Both the works were executed up to foundation level and stopped due to existing court case.
2.	Construction of Buddhist Cultural Centre at Thotlakonda	6.71	0.53	
Total		9.00	0.71	

Source: Information furnished by APTDCL

⁵² Shalihundam: ₹2.27 crore, Thotlakonda/Bavikonda: ₹13.42 crore, Bojjanakonda: ₹7.32 crore, Amaravati: ₹21.04 crore, Anupu: ₹5.79 crore & Contingencies and Architecture fees: ₹2.49 crore

⁵³ Tourist Amenities Centre (TAC) for two numbers: ₹3.66 crore and Buddhist Cultural Centre at Thotlakonda: ₹8.20 crore and additional works: Uncovered parking facility: ₹0.75 crore, Monument lighting: ₹0.56 crore, Buddhist Thorana: ₹0.15 crore, Closed Circuit Television: ₹0.02 crore & Wi-fi: ₹0.08 crore

⁵⁴ M/s Sree Siva Ram & Co., Hyderabad

⁵⁵ M/s. B. Kranthi Kumar

Scrutiny of records showed that Writ Petition was filed (2016) by an individual⁵⁶ in the Hon'ble High Court of Andhra Pradesh on the grounds that both the places were declared as protected monuments under APAHMASR⁵⁷ Act, 1960. The Hon'ble High Court passed interim order (November 2016) that no construction or development activity of any sort shall be permitted within the boundaries of the ancient site of Thotlakonda.

Finally, The Hon'ble High Court disposed of the case (March 2019) stating that development activities may be undertaken⁵⁸ and directed DA&M (Department of Archaeology and Museum), GoAP to identify such area for taking up of development activities by APTDCL. The Managing Director, APTDCL requested (April 2019) Commissioner, DA&M to locate admissible site for taking up the construction activities. However, there was no response from DA&M in this regard. Eventually, as per utilisation certificate submitted (June 2022) to GoI, the two works were dropped and revised administrative sanction was obtained duly restricting the same to the utilised amount of ₹24.14 crore⁵⁹.

Audit observed that though Hon'ble Court passed interim order in 2016 stating that no construction or development activity of any sort shall be permitted, APTDCL had taken up the construction activity. Due to non-pursuance by APTDCL after disposal of the case, the work did not progress further, and the expenditure of ₹0.71 crore incurred so far remained unfruitful.

The Government replied (August 2024) that due to litigation on the Thotlakonda protected site, the Commissioner, DA&M was requested to show the location where construction activity can be taken up. However, the Commissioner, DA&M did not show the land for construction. Further, due to protest from Buddhist monks and voluntary organisations, the construction of TAC and Construction of Buddhist Cultural Centre at Thotlakonda was stalled. The Government stated (November 2024) that follow-up of the work with the Archaeological Department would be taken up to commence the stalled works.

Thus, due to non-compliance to the interim order of Hon'ble High Court and non-pursuance with the Archaeology Department, the expenditure of ₹0.71 crore incurred had become unfruitful.

2.1.5 Development of infrastructure under State Government funds

2.1.5.1 Non completion of infrastructure works

(a) GoAP accorded (February 2018) administrative sanction for "Development of Tribal Haat under Araku Tribal Museum circuit in Visakhapatnam District" at a cost of ₹5.50 crore for provisioning of basic amenities⁶⁰.

⁵⁶ Prof. K.Thimma Reddy

⁵⁷ Andhra Pradesh Ancient & Historical Monuments and Archaeological Site Remains

⁵⁸ based on the law laid down by Hon'ble Supreme Court in one of the cases (involving the Archaeological Survey of India) which decreed that 100 m distance has to be counted from the outer area of the notified monument

⁵⁹ Shalihundam: ₹1.83 crore, Thotlakonda / Bavikonda: ₹2.61 crore, Bojjanakonda: not taken up, Amaravati: ₹15.02 crore, Anupu: ₹3.53 crore & Contingencies and Architecture fees: ₹1.15 crore

⁶⁰ restaurant, parking bay, lighting and landscaping, water supply, bio sewerage, solid waste, etc.

Audit noticed that the work taken up (June 2018) by APTDCL at a cost of ₹3.71 crore was stopped⁶¹ (March 2020) after executing only 24 *per cent* of work. APTDCL had paid ₹0.72 crore for the work done till March 2020. Despite issue (August 2021) of final notice to the contractor for termination of the contract, the contractor did not respond. As of March 2023, there was no progress of work.

(b) GoAP accorded administrative (May 2018) sanction for ₹2.25 crore for the work “Development of New Tourism infrastructure facilities/Tourist facilities at Bhairaveswara Swamy Temple”, Bhairavakona in Prakasam District.

Audit noticed that the work was awarded (September 2018) at a cost of ₹1.75 crore to a contractor, however, the work could not be commenced⁶² due to delay in identification and handing over (January 2019) of site to the contractor. As of October 2019, the work⁶³ executed was worth ₹0.78 crore and an amount of ₹0.76 crore⁶⁴ was paid to the contractor. Extension of time was granted up to December 2019 due to reasons⁶⁵ not attributable to the contractor. As the work was stalled and the contractor did not evince interest to complete the balance work, the Executive Engineer, Tirupati requested (September 2021) for closure of the work. Thereafter, the action taken by APTDCL regarding closure or resumption of work was not forthcoming from records made available to Audit.

The Government replied (August 2024) that in view of non-availability of required budget the balance works were not taken forward. The Government stated (November 2024) that the works were being taken up and are in progress.

The Government did not furnish the documents in support of the claim that works were taken up.

Thus, infrastructure works taken up out of GoAP funds could not be completed, as sufficient funds were not placed at the disposal of APTDCL. The expenditure incurred to the extent of ₹1.50 crore (₹0.72 crore + ₹0.78 crore) did not serve the desired purpose, as basic amenities to tourists could not be provided due to partial completion of works. Despite lapse of more than five years (as of March 2023), action had not been taken by APTDCL either to cancel both the works or to award the balance works to new contractors by inviting fresh tenders. Further, necessary action had not been contemplated against the contractors for leaving the work incomplete.

2.1.5.2 Redevelopment of Resort at Rushikonda

With an objective to foster tourism, GoAP accorded administrative sanction (March 2021) for the project “Redevelopment⁶⁶ of Rushikonda Tourism Resort in Visakhapatnam” for an amount of ₹92.00 crore for Phase-I of the project comprising of Site preparation and Road

⁶¹ the work was scheduled to be completed by December 2018. Extension of time granted upto December 2020

⁶² the work entrusted to M/s Geethika Constructions was scheduled to be completed by March 2019

⁶³ slabs for ground and first floor were laid and brick masonry was completed

⁶⁴ ₹25.47 lakh paid on 23.03.2019 and ₹50.51 lakh, though bill submitted on 19.09.2019, was paid in April 2021

⁶⁵ non-availability of sand and water

⁶⁶ consisting of an old block constructed in the years 1984-89 and new block, restaurant and conference hall constructed during the period 2002-2007 with a total plinth area of 4,439 Sq.m

Connectivity works and Phase-II for ₹72 crore (June 2021) for Construction of buildings⁶⁷. Accordingly, APTDCL had obtained permissions⁶⁸ from appropriate authorities and had taken up the project.

Scrutiny of records showed that in order to minimise construction period, some components of Phase-I (dismantling/slope excavation, *etc.*) and Phase-II (structural works of three blocks⁶⁹) were combined as one work and awarded (August 2021) to a firm⁷⁰ for an agreement value of ₹90.93 crore. During execution of the project, deviations took place due to change of soil classification, transportation cost, increase in quantity of soil exploration, *etc.* For ease of execution and as per the recommendations of technical committee, the total project was sub divided into three phases⁷¹. Accordingly, GoAP accorded (May 2022 & June 2022) a revised administrative sanction to three phases for ₹350.16 crore as detailed in **Appendix IX**.

As such, the total cost of the project increased from ₹164 crore to ₹350.16 crore. As of February 2024, Phase-I works were stated as completed by APTDCL and Phase-II & III works were still under progress (scheduled to be completed by October 2024) and an expenditure of ₹306.93 crore⁷² was incurred on redevelopment works⁷³.

Audit noticed that:

(a) Non-preparation of comprehensive Detailed Project Report for the total project

Audit noted that a DPR covering all aspects of the project for the increased cost was not prepared and the GoAP had given administrative approval for the increased cost without insisting on submission of revised DPR.

Scrutiny of records showed that original estimates were prepared based on the soil survey conducted on south-west side of the Rushikonda hill instead of on the proposed site in north-west side of the hill due to presence of thick jungle in the proposed construction site. The soil profile as per DPR included Earth, Soft Disintegrated Rock (SDR) and Hard Dense Rock (HDR) with estimated composition of 30, 50 and 20 *per cent* respectively which was changed to 18.90 *per cent* of earth, 41.31 *per cent* of SDR and 39.79 *per cent* of HDR during execution. Further, the total quantity of earthwork estimated was 7.02 lakh cubic meter (cum), whereas the actual quantity excavated was 11.46 lakh cum.

Due to non-preparation of comprehensive DPR, APTDCL could not make effective estimation of items of works to be executed, site preparation (soil survey and excavation of soil) and structural works of three blocks, architectural & allied works and interior works of all four

⁶⁷ four blocks: Vengi block, Kalinga block, Gajapathi block and Vijayanagara block

⁶⁸ Ministry of Environment Forest & Climate Change conveyed (May 2021) Coastal Regulation Zone clearance and Andhra Pradesh Pollution Control Board (APPCB) also issued (October 2022) Consent for Establishment of resort in a built-up area of 13,792.80 Sq.m

⁶⁹ structural works of Vengi, Kalinga and Gajapathi blocks

⁷⁰ M/s DEC Infrastructure and Projects India Private Limited, Hyderabad

⁷¹ date of completion as per agreements were Phase-I: 18.11.2022, Phase-II: 08.02.2024, Phase-III:06.10.2024

⁷² XII & Final bill of Phase-I: ₹147.13 crore, VIII & Part Bill of Phase-II: ₹67.84 crore and VI & Part Bill of Phase-III: ₹91.96 crore

⁷³ construction of resorts (58 rooms), hotels, cafeterias, transport fleet, amenities and landscaping to promote an array of tourist activity by upgrading existing ones and introducing new components

blocks which resulted in an increase in scope of work and subsequent increase in cost of the project by ₹186.16 crore (₹350.16 crore - ₹164.00 crore).

(b) Non-Conduct of Judicial Preview

As per Section 3 of the Judicial Preview Act 2019, prior to inviting tenders for infrastructure projects of value ₹100 crore and above, a judicial preview shall be undertaken to ensure transparency and optimum utilisation of public resources. Further, any part so segregated or divided or tendered separately which forms part of the original work shall be deemed to be an integral part of such infrastructure project, necessitating preview.

However, conduct of judicial preview prior to inviting tenders for the project was not forthcoming from the records furnished to audit.

The Government replied (November 2024) that the judicial preview specifically for this project was exempted.

The reply is not acceptable, as the Government did not furnish documentary evidence that the project was exempted from Judicial Preview.

(c) Non-compliance with agreement conditions

To prepare the land parcel for construction of buildings, the firm was required to execute earthwork (spoil earth) excavation for a total quantity of 7.27 lakh cum⁷⁴. Initially, it was proposed to dispose of 3.55 lakh cum⁷⁵ of spoil earth. In this regard, a supplementary agreement⁷⁶ to the original work was entered (October 2021) into with a condition to deduct the sale value of spoil earth on one time basis from the Running Account (RA) bills of Phase-I payable to the firm.

Scrutiny of records and RA bills showed that the firm had lifted and sold only 17,899 cum of spoil earth (details of each item *i.e.*, earth/rock quantities not furnished to audit) valuing ₹31.23 lakh⁷⁷ out of the agreed quantity. Subsequently, the firm stopped disposal of spoil earth on the grounds of poor response from vendors.

Audit noticed that:

(i) The details of adjustment/recovery of ₹31.23 lakh from Phase-I RA bill towards sale of spoil was not on records. Further, APTDCL had not taken any action against the firm for breach of contract, as there was no penalty clause in original and supplementary agreement.

(ii) As a result of discontinuance of sale, APTDCL had undertaken transportation of excavated soil/rock on its own by dumping them to identified sites and incurred an amount of ₹3.57 crore⁷⁸ for transporting 3.37 lakh cum⁷⁹. Had the sale materialised as per the terms of

⁷⁴ Ordinary soil: 2.17 lakh cum, ordinary rock: 3.64 lakh cum and hard rock: 1.46 lakh cum

⁷⁵ one lakh cum of earth & 2.55 lakh cum of rock

⁷⁶ ₹152 per cum for earth and ₹197 per cum for ordinary/hard rock

⁷⁷ as separate quantities of earth and rock sold were not on record, an average cost of both the items *i.e.*, ₹152 & ₹197 was considered in arriving at the sale price and accordingly total consideration was arrived by audit

⁷⁸ the least of the lead rates *i.e.*, disposal up to 6 Km was considered, as records in support of dumping the specific quantity of spoil at particular identified sites were not available. Thus, audit worked out the amount spent towards transportation as ₹106 x 3,37,101 cum = ₹3.57 crore

⁷⁹ agreed quantity as per supplementary agreement minus lifted quantity *i.e.*, (3,55,000 – 17,899) cum = 3,37,101 cum

supplementary agreement, the expenditure of ₹3.57 crore incurred towards transportation could have been avoided.

The Government accepted (August 2024) that comprehensive DPR for the entire project could not be finalised, as Consultant has given details in bits and pieces. Regarding non-conduct of survey in the proposed site area, it was replied that since the hill formation was near uniform around, the same was considered while preparing the detailed estimates for the earthwork excavation. Further, increase in cost as noted was due to the increased quantities and change of soil strata found during execution. The Government stated (November 2024) that recovery would be made from the firm for the spoil earth lifted and sold.

Thus, due to non-preparation of comprehensive DPR there was no proper assessment of work to be undertaken prior to commencement of work, which ultimately increased scope of work and cost of the project. Non-recovery of sale of spoil and non-initiation of action for breach of contract resulted in undue benefit to the firm.

2.1.6 Maintenance of Infrastructure

In order to promote tourist activity in the State, APTDCL held 137 properties. Of these, 52 properties⁸⁰ were self-managed with facilities of accommodation, restaurants & bars operated at various places across the State. About 56 properties were operated on O&M basis by private operators under lease system and 29 properties were proposed to be given under O&M basis. During the period 2021-2023, income from hotels ranged between 43 to 74 *per cent* of the total income from all sources.

2.1.6.1 Low occupancy ratio and poor maintenance in self-managed hotels

APTDCL manages 34 hotels (having accommodation and either bar & restaurant or both) spread over different locations of the State out of 52 hotels. The performance of self-managed hotels during the period 2021-23 showed that the average occupancy ratio of all 34 self-managed hotels ranged between 26 and 52 *per cent* as detailed in **Table 2.3**.

Table 2.3: Showing occupancy ratio of self-managed hotels during 2020-23

Details	2020-21	2021-22	2022-23
Number of Self-Managed Hotels	34	34	34
Number of rooms available	930	890	905
Available room days (Number of rooms x 365 days)	3,39,450	3,24,850	3,30,325
Rooms occupied days	89,520	1,22,854	1,70,969
Average occupancy ratio ⁸¹ (in percentage)	26	38	52

Source: Information furnished by APTDCL

It could be seen from the above that there was low occupancy of hotels in 2020-22 owing to Covid pandemic and thereafter, the occupancy ratio of self-managed hotels improved.

Audit noticed that the occupancy ratio of hotels in the test-checked divisions was less than 50 *per cent* (except hotels in Visakhapatnam division) in Tirupati (40 *per cent*) and SPSR Nellore

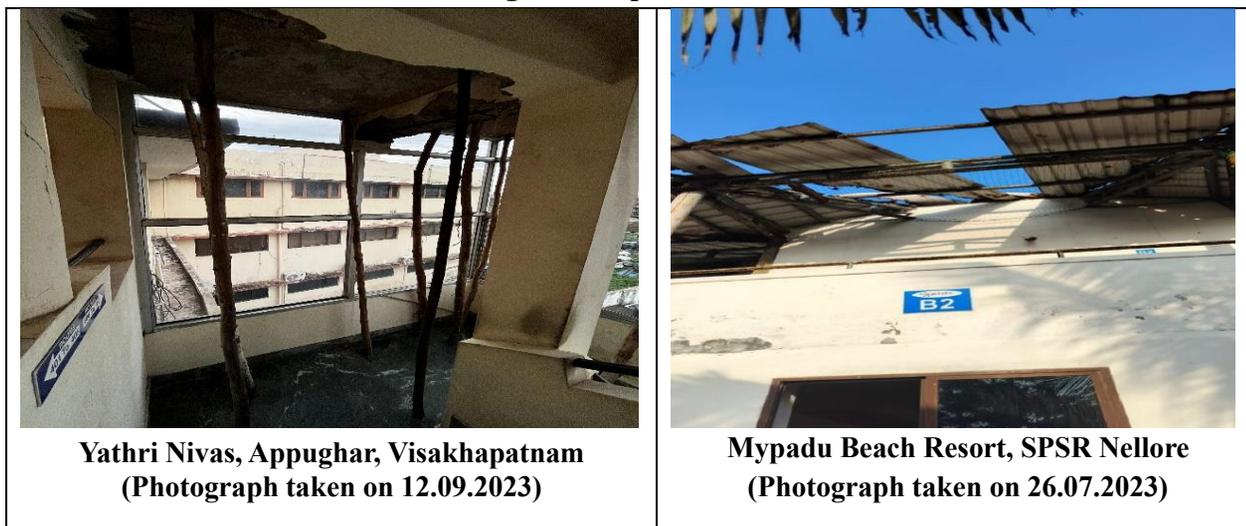
⁸⁰ the 52 hotels include, 34 hotels having accommodation and either bar & restaurant or both, remaining 18 are only bar and restaurants

⁸¹ (Occupied days / available room days) x 100

(35 per cent) during 2022-23. In eight out of 15 hotels, the average occupancy ratio was below 50 per cent, which ranged between 13 to 39 per cent. The hotel-wise occupancy in the three test-checked divisions is detailed in **Appendix X**. The reasons for low occupancy of hotels and action taken to improve the occupancy was not on record.

During joint physical verification of six hotels in test-checked divisions, it was noticed that some of the hotel rooms were in bad/dilapidated condition as shown in **Picture 3**.

Picture 3: Showing the dilapidated conditions of hotels



APTDCL did not furnish records showing the date from which these hotel rooms were in bad/dilapidated condition and action taken to renovate the rooms.

The Government stated (November 2024) that renovation/ upgradation works were being taken up and the supporting documents regarding repair works, agreements entered into would be furnished.

2.1.6.2 Idling/non-operation of properties under operation & maintenance

Scrutiny of records showed that APTDCL had proposed⁸² to lease out 29 properties on O&M basis. Out of these, six properties⁸³ (constructed during June 2016 and September 2021) having asset value of ₹13.20 crore (as detailed in **Appendix XI**), were lying idle for the last 17 to 81 months (as of March 2023) due to nil response from private operators.

Audit noticed that prior to taking up of these projects/assets, APTDCL had neither taken up any feasibility studies nor prepared DPRs showing site survey with location advantage, the tourists expected or footfall, cost benefit analysis for revenue generation, if given on O&M. Hence, properties were constructed without need analysis, assessment of possibility of revenue generation with number of tourists expected to visit, *etc.*, thereby causing idling of properties.

The Government replied (August 2024) that two properties (Revupolavaram and Yerraakaluava) have been leased out and three properties (Muchumarri, Muktyala, Madakasira) have been handed over to District Tourism Council (DTC) for maintenance. Regarding other

⁸² May & August 2020, November 2021, September 2022, January-March 2023, August 2023

⁸³ Under lease-11 properties, eight properties shown under Swadesh Darshan scheme, the cost of construction of three properties *viz.*, Palamaner, Thupilipalem & DV Satram is not on record and one property is only open land (Kandaluru)

properties, there was no response from bidders to the tenders called for. Further, it was replied that prior to taking up any project, DPRs are being prepared, based on which projects are sanctioned. The Government stated (November 2024) that action is being taken to put the assets /properties in operation which are lying idle.

APTDCL did not furnish relevant documents to show that the properties were leased out or handed over to DTC. Further, APTDCL did not furnish copies of DPR of the properties to verify if the feasibility studies were carried out and assessment was made regarding projected/anticipated profitability of the projects.

2.1.7 Effectiveness in Revenue realisation

2.1.7.1 Undue benefit to the developer

As per clause 10.5 and 10.8 of Tourism Policy 2020-25, the bidder shall submit a non-refundable amount of one *per cent* of estimated project cost subject to maximum ₹50 lakh towards Project Development Fee (PDF) as a pre-condition for signing of the agreement.

Scrutiny of records showed that APTDCL entered (March 2023) into a lease⁸⁴ agreement with two companies⁸⁵ and allotted government land at two locations *viz.*, Annavaram (40 acres with Project cost of ₹350 crore) and Peruru (20 acres with a Project cost of ₹250 crore) on lease basis under Public Private Partnerships (PPP) for the project based on State Investment Promotion Board (SIPB) recommendations.

Audit noticed that though APTDCL had entered into agreement, the levy and collection of non-refundable PDF to an extent of ₹one crore (₹0.50 crore x two projects) was not forthcoming from the records furnished to audit.

The Government replied (August 2024) that the provision for collection of PDF is applicable for the projects allotted under bid structure as per clause 10.8 of policy and whereas the Company has been considered under SIPC/SIPB route and hence PDF is not applicable.

The reply is not acceptable, as clause 10.8 of Tourism Policy under Bid Structure specially mentions that projects are to be approved by SIPB along with submission of a non-refundable amount of one *per cent* of the estimated Project cost subject to a maximum of ₹0.50 crore towards the Project Development Fee as a pre-condition for signing of the agreement. Thus, APTDCL had forgone revenue of ₹one crore.

2.1.7.2 Non levy and collection of liquidated damages

As per Clause 6.3 (c) & (d) of concession agreement, entered (December 2016) into with a Company⁸⁶ for “Development of Convention-cum-Exhibition-Centre and Hotel Facility” at Rajahmahendravaram for ₹124.06 crore, the project should be completed within a maximum period of six months for Phase-I and two years for Phase-II from the date of execution of

⁸⁴ for 94 years at one *per cent* of land value per annum as fixed by Sub Registrar with enhancement of five *per cent* in a block of three years

⁸⁵ Mumtaz Hotels at Peruru, Chittoor District and EIH associated Hotels at Annavaram, Visakhapatnam district

⁸⁶ M/s. Manjeera Hospitality Private Limited

agreement. In case of failure to comply with the terms, liquidated damages⁸⁷ (LD) shall be collected. In the event of non-completion of project beyond one year, the grantor (APTDCL) shall be entitled to invoke performance security and further, at its option, terminate the agreement.

Scrutiny of records showed that there was delay in completion of project under both phases. The status of the project and target date of completion of each phase are as given in **Table 2.4**.

Table 2.4: Showing the delay in completion and LDs to be levied

(₹ in crore)

Sl. No.	Phase	Cost of the Project	Target date of completion as per agreement	Delay period calculated by Department (in days)	Total liquidated damages ⁸⁸ to be collected
1.	Phase-I MICE ⁸⁹ Convention Centre	24.49	08.06.2017	479	0.25
2.	Phase-II Hotel and Shopping complex	99.57	08.12.2018	539	1.49
Total		124.06			1.74

Source: Records of APTDCL and agreement entered with developer

Audit noticed that though there was delay in completion of works under both phases by the Company, the LD of ₹1.74 crore was not collected. Further, the details of invoking performance guarantee received in the form of Bank Guarantees were not forthcoming from records produced to audit.

The Government stated (November 2024) that the issue would be examined, and action would be taken up for levy of liquidated damages.

Thus, APTDCL had extended undue benefit to the Company by not collecting LD to the extent of ₹1.74 crore for delay in execution of the work.

2.1.7.3 Non realization /collection of dues

(a) Non collection of dues towards services extended during Covid

During Covid pandemic, APTDCL had supplied food packs costing ₹65.14 crore to the Quarantine Centers /Covid Care Centers /Control Rooms upon the requisition made by the District Collectors (DCs) of 10 districts⁹⁰ as per menu prescribed by Child Health & Family Welfare (CH&FW) Department. The DCs had fixed different rates as per the items ordered by them, keeping in view the standard menu prescribed by CH&FW.

Audit noticed that an amount of ₹10.39 crore remained unrealised from concerned DCs even after a lapse of more than two years from the date of supply.

⁸⁷ 0.50 per cent of project cost for first extension upto six months and one per cent of project cost of particular phase for second extension between six and 12 months

⁸⁸ 0.5 per cent x ₹24.49 crore = ₹0.12 crore plus one per cent x ₹24.49 crore = ₹0.24 crore minus already paid ₹0.11 crore and 0.5 per cent x ₹99.57 crore = ₹0.50 crore plus one per cent x ₹99.57 crore = ₹0.99 crore

⁸⁹ Meetings, Incentives, Conferences, and Exhibitions

⁹⁰ Ananthapuramu, Chittoor, East Godavari, Guntur, Krishna, Kurnool, SPSR Nellore, Prakasam, Srikakulam and Visakhapatnam

The Government stated (November 2024) that follow-up action would be initiated for recovery of outstanding amount.

(b) Non collection of rental dues

As per clause 10.5 of Tourism Policy 2020-25 and earlier policies, for tourism projects under PPP, the lease rent shall be one *per cent* of the land value as fixed by Sub Registrar Office. APTDCL fixes lease rents and enters into agreements with lessees stipulating lease rentals and Additional Development Premium (ADP) towards revenue sharing.

Audit noticed that lease rentals worth ₹14.18 crore (as detailed in *Appendix XII*) were outstanding from seven PPP lessees (as of March 2023) since commencement of their operations, as APTDCL accepted part payments from the lessees on several occasions though the terms of agreement stipulated payment of full lease rentals/ADP.

The Government stated (November 2024) that BGs were invoked (₹two crore) for certain cases, recovery would be made for the balance amount and the recovery particulars would be furnished.

The reply of APTDCL had to be seen in light of the fact that payments were not being honoured by the operators as scheduled in the agreement and acceptance of part payments had resulted in accumulation of dues of ₹14.18 crore from the PPP operators. Further, details of BG invoked were not furnished to verify the correctness of recovery made.

(c) Non collection of dues from various Departments and properties operated on O&M basis

(i) Scrutiny of records of three test-checked divisions showed that APTDCL had arranged accommodation and food facilities to the State Government officials, local representatives, *etc.*, in its self-managed hotels without realising the cost of services provided. As of March 2023, an amount of ₹1.68 crore⁹¹ was due to be received from various officials for the period 2009 to 2023.

(ii) As per clause 4.2 of the agreements concluded with tourism operators, revenue at a maximum of 10 *per cent* of gross revenues from the project or Minimum Assured Annual Revenue Share (MAARS) shall be shared on quarterly basis by 10th of every quarter in advance. Delay in payments shall attract 24 *per cent* interest of the overdue amount for the number of days of delay.

Out of 56 properties⁹² given on O&M basis to different operators, an amount of ₹12.21 crore (principal and interest) towards lease rentals was due to be received (period ranging from 2006 to 2023) from the operators of 50 properties (as of March 2023) as detailed in *Appendix XIII*.

Audit noticed that the demand for collection of outstanding dues was not raised for recovery.

⁹¹ SPSR Nellore: ₹50.06 lakh (2009-2023), Visakhapatnam: ₹23.84 lakh (2016-21) & Tirupati: ₹94.39 lakh (2015-2023)

⁹² 39 were functioning, 12 were closed, two were under litigation and in respect of three properties previous agreements were not renewed

The Government stated (November 2024) that the issue would be looked into and a mechanism would be evolved in this regard.

Had APTDCL enforced the agreement conditions from the date of default by the operators, it could have acted as a deterrent and prevented financial loss.

(d) Pending adjustment of advances

Article 99 of Andhra Pradesh Financial Code, stipulated granting of temporary advances for meeting contingent expenditure of a specified kind or on a specific occasion. It has to be accounted, a second advance can only be drawn when the first advance is adjusted.

Audit noted that in two divisions (Tirupati and Visakhapatnam) ₹50.77 lakh⁹³ (as of March 2023) remained unrealised from staff for the advances drawn between 2002-2023. Further, instructions regarding any time limit for adjustment of such advances were not on record.

The Government replied (August 2024) that bills for ₹42.40 lakh have been submitted by the individuals and the adjustment of bills are at various stages. The Government stated (November 2024) that the issue would be examined and recoveries made would be communicated along with documents.

However, bill details for adjustment were not furnished to audit for verification.

2.1.8 Conclusions

1. Audit noticed that creation and maintenance of tourist infrastructure was the joint responsibility of GoAP and APTDCL. Audit noted that there were deficiencies on both sides in translating the projects into action owing to multiple reasons. APTDCL had meager resources available from its operational activities, as such there was heavy dependence on the GoI and GoAP funding, which required a joint approach towards release of share of respective funds. We observed that the GoAP fell short in releasing its share, consequently, GoI resources which were spent remained unfruitful.
2. Audit observed that the infrastructure and the asset creation was inadequate, as there were number of infrastructure works which remained incomplete. Further, utilisation of the assets created (hotels, resort, restaurant, tourist attraction) was not ensured resulting in idling and deterioration of the assets. It was seen that the assets worth ₹33.68 crore created (2018-2021) under Swadesh Darshan Scheme were not operationalised by APTDCL, despite this being a stipulated condition of the scheme. There was low occupancy of self-managed hotels. Consequently, revenue generation was poor.
3. Audit also noticed that prior to taking up of the projects/assets, APTDCL neither undertook feasibility studies nor prepared DPRs showing site survey with location advantage, number of tourists expected, cost benefit analysis for revenue generation, if operation and maintenance was handed over or the assets were self-operated. Hence, properties were constructed without need analysis, assessing possibility of revenue generation with tourist footfall, *etc.*, thereby causing idling of such properties.

⁹³ Tirupati: ₹45.83 lakh and Visakhapatnam: ₹4.94 lakh (March 2019 to March 2023)

4. Audit observed that APTDCL did not initiate prompt action for realisation of dues (₹38.46⁹⁴ crore) on account of services rendered during Covid, lease rentals of PPP Projects, facilities extended to various departments and from properties operated on O&M basis. For an entity with limited operational revenue, this can have a significant financial implication.

2.1.9 Recommendations

The GOAP/APTDCL must ensure:

- **To release funds required for completion of incomplete projects and revisit the proposals for the remaining projects based on current cost estimate to obtain revised sanction of GoI.**
- **To operationalise and maintain the assets created.**
- **Feasibility study with due Cost-Benefit Analysis prior to undertaking a project for asset creation.**
- **To develop a comprehensive asset management system for optimising operational revenue.**

Transport, Roads & Building Department

2.2 Injudicious plying of midi buses on ghat road

Injudicious decision of Andhra Pradesh State Road Transport Corporation to procure midi buses despite operational deficiencies reported by the Technical Committee prior to procurement, endangered the lives of passengers and resulted in under-utilisation of buses, due to frequent break down. Subsequent premature sale of buses led to loss of ₹4.27 crore.

The Andhra Pradesh State Road Transport Corporation (APSRTC) decided (December 2013) to procure 60 Midi buses under the Jawaharlal Nehru National Urban Renewal Mission, a centrally sponsored scheme by Ministry of Urban Development (MoUD). Tenders were invited (December 2013) for procurement of the Midi buses and offer of a firm⁹⁵ was accepted (February 2014) out of the three firms which participated in the tender, at a cost of ₹23.57 lakh per bus inclusive of all taxes. Based on the recommendations of a Committee, constituted by APSRTC, to verify the technical suitability of buses, it was decided (June 2014) to ply Midi buses on the Tirupati-Tirumala (TPT-TML) ghat road and orders for procurement were to be placed only after conducting trial operations.

The Technical Committee appointed (April-October 2014) for testing the suitability of buses reported that the Midi buses were not suitable for operation in the steep TPT-TML ghat road and plain road, due to technical problems *viz.*, more heat generated out of engine, high break drum temperature leading to front tyre burst, weak breaks, vehicle rolling/skidding on down ghat, lower steering maneuverability, heavy body vibration, *etc.*, which may result in accidents and endanger the lives of pilgrims. The Technical Committee reported (January 2015) to intimate MoUD to withdraw the procurement of Midi buses for operation on the ghat road.

⁹⁴ Para 2.1.7.3 ((a), (b), (c)) of ₹10.39 crore + ₹14.18 crore + ₹1.68 crore + ₹12.21 crore = ₹38.46 crore

⁹⁵ M/s SML-ISUZU

However, it could not be confirmed whether the unsuitability of Midi buses on the ghat road was reported to MoUD by APSRTC.

In order to avail 100 *per cent* financial assistance from Central/State Government, it was decided (February 2015) to procure the Midi buses for operating on the plain roads, as the buses were unfit for ghat road. Purchase order was placed (April 2015) for supply of 60 Midi buses and all the Midi buses were commissioned in July/October 2015. APSRTC paid ₹10.90 crore towards the cost of Midi buses as against total cost of ₹14.09 crore owing to deviations in specifications of buses supplied, of which ₹6.18 crore was received as Centre and State share. Audit observed that:

- i. Instead of plying the buses on plain roads as proposed (February 2015), initially these buses were run on TPT-TML ghat road from the date of commissioning and within three months of operation, serious problems *viz.*, engine heat dissipation into driver cabin, poor pick up, and over-heating of engine, turbo charger leaking, failure of knuckle, *etc.*, were encountered in all buses which on two occasions (May 2016), almost led to accident.
- ii. Due to regular technical failure of engines and safety system of buses, the Midi buses were withdrawn (from May 2016 onwards) from the ghat road and diverted to plain road, however, the problems persisted. Finally, APSRTC recommended (December 2019/ September 2020) to dispose of the Midi buses on “as is where is” condition. APSRTC had withdrawn (September 2020) the 60 Midi buses from operation and sent the buses to the respective zonal scrap yards for disposal.

APSRTC disposed (September/December 2022) of all the 60 midi buses and realised sale proceeds of ₹1.03 crore as against the Written Down Value (WDV) of ₹5.60 crore, thus sustaining a loss of ₹4.27 crore. In addition, APSRTC had incurred ₹90.65 lakh on 60 Midi buses for purchase of spares (upto 2019-20) after warranty period of two years.

Thus, the buses could not be used optimally during the operational period due to frequent repairs, escalating repair cost⁹⁶ and failure to achieve even half-life period⁹⁷ in terms of Kilometres or years of operation prior to being declared as scrap.

The Government replied (March 2025) that by the time of receipt of 60 Midi buses, the ghat road condition got improved due to widening of roads at curves which prompted the operation of buses with improved maneuverability. In addition, the fuel efficiency was expected to be 6.50 as against 4.69 for Ashok Leyland buses and the capital cost of buses was less comparatively. In view of low operating and capital cost, these buses were preferred to operate in ghat road initially. However, due to some mechanical defects, serious failure of one bus during operation and in view of safety of pilgrims, buses were withdrawn from ghat operations and transferred to other districts. Failure of units of these buses continued and service support was very poor. Thereby the reliability of buses deteriorated besides cost of operations increased. Keeping in view operational and maintenance difficulties, the Committee nominated

⁹⁶ the cost of repairs on Midi buses per Km increased from ₹0.22 in 2016-17 to ₹1.20 in 2019-20

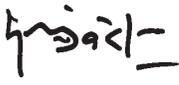
⁹⁷ as per specifications (UBS-II), the life cycle of Midi buses was either 12 years or 10 lakh Km. However, the operation of buses ranged between 77,833 km to 4,13,013 km or 4.9 to 5.2 years till they were declared as scrap

to study the conditions of buses, recommended to dispose of the buses on as is where is condition.

It was also replied that as per Accounting Standards 12, Government grants related to specific fixed assets should be presented in balance sheet by showing the grants as a deduction from the gross value of the assets concerned in arriving at their book value. Accordingly, APSRTC had accounted for government grants and deducted from the cost of Midi buses in arriving at book value of net acquisition cost.

However, the Technical Committee appointed for testing the suitability of buses had rejected the proposal of plying the buses based on the specification of buses and not on the basis of road condition. Further, the accounting adjustment is a book adjustment for the grant received, whereas the capital cost incurred towards purchase of buses includes APSRTC funds of ₹4.72 crore. Therefore, the WDV on the sale date must be calculated by factoring in the actual purchase cost of the buses.

Vijayawada
The 12 Sep 2025


(SARAT CHATURVEDI)
Principal Accountant General (Audit)
Andhra Pradesh

Countersigned

New Delhi
The 22 Sep 2025


(K. SANJAY MURTHY)
Comptroller and Auditor General of India

Appendices

Pages 43 to 61

Appendix I
(Referred to in Paragraph 1.1 & Page No.1)
List of State Public Sector Enterprises in Andhra Pradesh

Sl. No.	Name of SPSEs
Government Companies	
1.	Andhra Pradesh Tribal Power Company Limited
2.	Andhra Pradesh Power Development Company Limited
3.	Andhra Pradesh Power Generation Corporation Limited
4.	Andhra Pradesh Rural Agriculture Power Limited
5.	Andhra Pradesh State Energy Efficiency Development Corporation Limited
6.	Andhra Pradesh Central Power Distribution Corporation Limited
7.	Eastern Power Distribution Company of Andhra Pradesh Limited
8.	Energy University of Andhra Pradesh
9.	New and Renewable Energy Development Corporation of Andhra Pradesh Limited
10.	Southern Power Distribution Company of Andhra Pradesh Limited
11.	Transmission Corporation of Andhra Pradesh Limited
12.	Andhra Pradesh Brahmin Welfare Corporation
13.	Andhra Pradesh Mahila Sadhikara Samstha
14.	Andhra Pradesh Medical Education and Research Corporation Limited
15.	Andhra Pradesh Most Backward Classes Welfare and Development Corporation
16.	Andhra Pradesh State Christian (Minorities) Finance Corporation
17.	Andhra Pradesh State Economically Backward Classes Welfare and Development Corporation
18.	Andhra Pradesh State Kapu Welfare and Development Corporation limited
19.	Andhra Pradesh State Minorities Finance Corporation Limited
20.	Andhra Pradesh State Skill Development Corporation
21.	Andhra Pradesh Tourism Development Corporation Limited
22.	Bhavani Island Tourism Corporation Limited
23.	Overseas Manpower Company Andhra Pradesh Limited
24.	AIC-AMTZ Medi Valley Incubation Council
25.	Andhra Pradesh Airports Development Corporation Limited
26.	Andhra Pradesh Aviation Corporation Limited
27.	Andhra Pradesh Centre for Advanced Research on Livestock Limited
28.	Andhra Pradesh Digital Corporation Limited
29.	Andhra Pradesh Drones Corporation Limited
30.	Andhra Pradesh Economic Cities Promotion and Development Corporation Limited
31.	Andhra Pradesh Farmers E-Vikraya Corporation Limited
32.	Andhra Pradesh Gas Distribution Corporation Limited
33.	Andhra Pradesh Gas Infrastructure Corporation Private Limited
34.	Andhra Pradesh Handicrafts Development Corporation Limited
35.	Andhra Pradesh Heavy Machinery and Engineering Limited
36.	Andhra Pradesh Industrial Development Corporation Limited
37.	Andhra Pradesh Industrial Infrastructure Corporation Limited
38.	Andhra Pradesh Maritime Infrastructure Development Corporation Limited
39.	Andhra Pradesh MedTech Zone Limited
40.	Andhra Pradesh Mineral Development Corporation Limited
41.	Andhra Pradesh MSME Development Corporation
42.	Andhra Pradesh Power Finance Corporation Limited
43.	Andhra Pradesh State Agro Industries Development Corporation Limited

44.	Andhra Pradesh State Civil Supplies Corporation Limited
45.	Andhra Pradesh State Fibernet Limited
46.	Andhra Pradesh State Irrigation Development Corporation Limited
47.	Andhra Pradesh State Mega Seeds Park Limited
48.	Andhra Pradesh State Seeds Development Corporation Limited
49.	Andhra Pradesh Technology Services Limited
50.	Andhra Pradesh Trade Promotion Corporation Limited
51.	Andhra Pradesh Bulk Drugs and Infrastructure Corporation Limited
52.	Andhra Pradesh Towers Limited
53.	APIIC Food Park (Krishna District) Limited
54.	Atchutapuram Effluent Treatment Limited
55.	Bhavanapadu Port Development Corporation Limited
56.	Bio Valley Incubation Council
57.	Chittoor Industrial Node Development Corporation Limited
58.	Godavari Gas Private Limited
59.	Infrastructure Corporation of Andhra Pradesh Limited
60.	Kadapa Steel Corporation Limited
61.	Krishnapatnam International Leather Complex Private Limited
62.	Leather Industries Development Corporation of Andhra Pradesh
63.	Machilipatnam Port Development Corporation Limited
64.	Mark up Private Limited
65.	Meat Development Corporation of Andhra Pradesh
66.	NICDIT Krishnapatnam Industrial City Development Limited
67.	Ongole Iron Ore Mining Company Private Limited
68.	Prakasam National Investment and Manufacturing Zone Limited
69.	Ramayapatnam Port Development Corporation Limited
70.	Rythu Sadhikara Samstha
71.	Visakhapatnam Industrial Node Development Corporation Limited
72.	Vizag Apparel Park for Export
73.	YSR Steel Corporation Limited
74.	Andhra Pradesh Environment Management Corporation Limited
75.	Andhra Pradesh General Insurance Corporation Limited
76.	Andhra Pradesh Beverages Corporation Limited
77.	Andhra Pradesh Forest Development Corporation Limited
78.	Andhra Pradesh State Beverages Corporation Limited
79.	Andhra Pradesh State Development Corporation Limited
80.	Andhra Pradesh State Film Television and Theatre Development Corporation Limited
81.	Andhra Pradesh State Financial Services Corporation Limited
82.	Andhra Pradesh State Police Housing Corporation Limited
83.	Foundation for Leadership, Excellence and Governance
84.	Andhra Pradesh Center for Financial System and Services
85.	Andhra Pradesh Drinking Water Supply Corporation limited
86.	Amaravati Development Corporation Limited
87.	Andhra Pradesh Greening and Beautification Corporation Limited
88.	Andhra Pradesh Metro Rail Corporation Limited
89.	Andhra Pradesh Township and Infrastructure Development Corporation limited
90.	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited
91.	Andhra Pradesh State Housing Corporation Limited
92.	Swaccha Andhra Corporation Limited
93.	Ongole Smart City Corporation Limited
94.	Eluru Smart City Corporation Limited

95.	Andhra Pradesh Rajiv Swagruha Corporation Limited
96.	Vijayawada Urban Transport Company Limited
97.	Visakhapatnam Urban Transport Company Limited
Statutory Corporation	
98.	Andhra Pradesh State Financial Corporation
99.	Andhra Pradesh State Road Transport Corporation
100.	Andhra Pradesh State Warehousing Corporation
Government Controlled Other Companies	
101.	Amaravati Smart and Sustainable City Corporation Limited
102.	Greater Visakhapatnam Smart City Corporation Limited
103.	Kakinada Smart City Corporation Limited
Inactive Government Companies	
104.	ABC NEXT (India) Private Limited
105.	Rayalaseema Steel Corporation Limited
106.	Andhra Pradesh Fisheries Corporation Limited
107.	A.P Small Scale Industrial Development Corporation Limited
108.	Andhra Pradesh Essential Commodities Corporation Limited
109.	Proddutur Milk Foods Limited
110.	Andhra Pradesh Dairy Development Corporation Limited
111.	Andhra Pradesh Meat Development Corporation Limited
112.	Andhra Pradesh Electronics Development Corporation Limited
113.	Apronix Communications Limited
114.	Hyderabad Chemicals and Fertilisers Limited
115.	Andhra Pradesh Automobile Tyres and Tubes Limited
116.	Golkonda Abrasives Limited
117.	Allwyn Auto Limited
118.	Allwyn Watches Limited
119.	Andhra Pradesh Steels Limited
120.	Marine and Communication Electronics (India) Limited
121.	Republic Forge Company Limited
122.	Krishi Engineering Limited
123.	PJ Chemicals Limited
124.	Vidyut Steels Limited

Appendix II

(Referred to in Paragraph No. 1.6 & Page No.6)

Statement showing list of State Public Sector Enterprises of Andhra Pradesh under jurisdiction of CAG and status of their annual accounts as on 30 September 2023

Sl. No.	Name of the State Public Sector Enterprise	Account received upto 30 September 2023	Number of Accounts in arrears
A. Government Company			
1.	Andhra Pradesh Tribal Power Company Limited	2021-22	1
2.	Andhra Pradesh Power Development Company Limited	2022-23	0
3.	Andhra Pradesh Power Generation Corporation Limited	2022-23	0
4.	Andhra Pradesh Rural Agriculture Power Limited	2021-22	1
5.	Andhra Pradesh State Energy Efficiency Development Corporation Limited	2021-22	1
6.	Andhra Pradesh Central Power Distribution Corporation Limited	2022-23	0
7.	Eastern Power Distribution Company of Andhra Pradesh Limited	2022-23	0
8.	Energy University of Andhra Pradesh	FN ⁹⁸	7
9.	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	2022-23	0
10.	Southern Power Distribution Company of Andhra Pradesh Limited	2022-23	0
11.	Transmission Corporation of Andhra Pradesh Limited	2021-22	1
12.	Andhra Pradesh Brahmin Welfare Corporation	2021-22	1
13.	Andhra Pradesh Mahila Sadhikara Samstha	FN	8
14.	Andhra Pradesh Medical Education and Research Corporation Limited	FN	2
15.	Andhra Pradesh Most Backward Classes Welfare and Development Corporation	FN	6
16.	Andhra Pradesh State Christian (Minorities) Finance Corporation	2013-14	9
17.	Andhra Pradesh State Economically Backward Classes Welfare and Development Corporation	FN	4
18.	Andhra Pradesh State Kapu Welfare and Development Corporation limited	2016-17	6
19.	Andhra Pradesh State Minorities Finance Corporation Limited	2021-22	1
20.	Andhra Pradesh State Skill Development Corporation	2019-20	3
21.	Andhra Pradesh Tourism Development Corporation Limited	2019-20	3
22.	Bhavani Island Tourism Corporation Limited	FN	6
23.	Overseas Manpower Company Andhra Pradesh Limited	2019-20	3
24.	AIC-AMTZ Medi Valley Incubation Council	2020-21	2
25.	Andhra Pradesh Airports Development Corporation Limited	2017-18	5
26.	Andhra Pradesh Aviation Corporation Limited	FN	17
27.	Andhra Pradesh Centre for Advanced Research on Livestock Limited	2018-19	4
28.	Andhra Pradesh Digital Corporation Limited	2019-20	3
29.	Andhra Pradesh Drones Corporation Limited	2018-19	4

98 FN: first accounts are yet to be received

30.	Andhra Pradesh Economic Cities Promotion and Development Corporation Limited	FN	6
31.	Andhra Pradesh Farmers E-Vikraya Corporation Limited	FN	2
32.	Andhra Pradesh Gas Distribution Corporation Limited	2021-22	1
33.	Andhra Pradesh Gas Infrastructure Corporation Private Limited	2019-20	3
34.	Andhra Pradesh Handicrafts Development Corporation Limited	2013-14	9
35.	Andhra Pradesh Heavy Machinery and Engineering Limited	2021-22	1
36.	Andhra Pradesh Industrial Development Corporation Limited	2013-14	9
37.	Andhra Pradesh Industrial Infrastructure Corporation Limited	2021-22	1
38.	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	2021-22	1
39.	Andhra Pradesh MedTech Zone Limited	2019-20	3
40.	Andhra Pradesh Mineral Development Corporation Limited	2019-20	3
41.	Andhra Pradesh MSME Development Corporation	2018-19	4
42.	Andhra Pradesh Power Finance Corporation Limited	2022-23	0
43.	Andhra Pradesh State Agro Industries Development Corporation Limited	2020-21	2
44.	Andhra Pradesh State Civil Supplies Corporation Limited	2020-21	2
45.	Andhra Pradesh State Fibernet Limited	2019-20	3
46.	Andhra Pradesh State Irrigation Development Corporation Limited	2021-22	1
47.	Andhra Pradesh State Mega Seeds Park Limited	FN	5
48.	Andhra Pradesh State Seeds Development Corporation Limited	2022-23	0
49.	Andhra Pradesh Technology Services Limited	2021-22	1
50.	Andhra Pradesh Trade Promotion Corporation Limited	2017-18	5
51.	AP Bulk Drugs and Infrastructure Corporation Limited	FN	3
52.	AP Towers Limited	2017-18	5
53.	APIIC Food Park (Krishna District) Limited	FN	7
54.	Atchutapuram Effluent Treatment Limited	2019-20	3
55.	Bhavanapadu Port Development Corporation Limited	FN	3
56.	Bio Valley Incubation Council	2020-21	2
57.	Chittoor Industrial Node Development Corporation Limited	FN	5
58.	Godavari Gas Private Limited	2022-23	0
59.	Infrastructure Corporation of Andhra Pradesh Limited	2019-20	3
60.	Kadapa Steel Corporation Limited	FN	2
61.	Krishnapatnam International Leather Complex Private Limited	2017-18	5
62.	Leather Industries Development Corporation of Andhra Pradesh	2016-17	6
63.	Machilipatnam Port Development Corporation Limited	FN	3
64.	Mark up Private Limited	FN	2
65.	Meat Development Corporation of Andhra Pradesh	FN	5
66.	NICDIT Krishnapatnam Industrial City Development Limited	2021-22	1
67.	Ongole Iron Ore Mining Company Private Limited	2019-20	3
68.	Prakasam National Investment and Manufacturing Zone Limited	FN	7
69.	Ramayapatnam Port Development Corporation Limited	FN	3
70.	Rythu Sadhikara Samstha	2018-19	4
71.	Visakhapatnam Industrial Node Development Corporation Limited	FN	5
72.	Vizag Apparel Park for Export	2017-18	5
73.	YSR Steel Corporation Limited	2019-20	3
74.	Andhra Pradesh Environment Management Corporation Limited	FN	3

75.	Andhra Pradesh General Insurance Corporation Limited	FN	3
76.	Andhra Pradesh Beverages Corporation Limited	2015-16	7
77.	Andhra Pradesh Forest Development Corporation Limited	2015-16	7
78.	Andhra Pradesh State Beverages Corporation Limited	2022-23	0
79.	Andhra Pradesh State Development Corporation Limited	2021-22	1
80.	Andhra Pradesh State Film Television and Theatre Development Corporation Limited	2022-23	0
81.	Andhra Pradesh State Financial Services Corporation Limited	2021-22	1
82.	Andhra Pradesh State Police Housing Corporation Limited	2018-19	4
83.	Foundation for Leadership, Excellence and Governance	2019-20	3
84.	Andhra Pradesh Center for Financial System and Services	2020-21	2
85.	Andhra Pradesh Drinking Water Supply Corporation limited	FN	6
86.	Amaravati Development Corporation Limited	2021-22	1
87.	Andhra Pradesh Greening and Beautification Corporation Limited	2020-21	2
88.	Andhra Pradesh Metro Rail Corporation Limited	2022-23	0
89.	Andhra Pradesh Township and Infrastructure Development Corporation limited	2021-22	1
90.	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	2021-22	1
91.	Andhra Pradesh State Housing Corporation Limited	2017-18	5
92.	Swaccha Andhra Corporation Limited	2018-19	4
93.	Ongole Smart City Corporation Limited	FN	6
94.	Eluru Smart City Corporation Limited	FN	6
95.	Andhra Pradesh Rajiv Swagruha Corporation Limited	2013-14	9
96.	Vijayawada Urban Transport Company Limited	FN	11
97.	Visakhapatnam Urban Transport Company Limited	2016-17	6
A. Government Company Total			334
B. Statutory Corporation			
1.	Andhra Pradesh State Financial Corporation	2022-23	0
2.	Andhra Pradesh State Road Transport Corporation	2021-22	1
3.	Andhra Pradesh State Warehousing Corporation	2021-22	1
B. Statutory Corporation Total			2
C. Government Controlled Other Companies			
1.	Amaravati Smart and Sustainable City Corporation Limited	2020-21	2
2.	Greater Visakhapatnam Smart City Corporation Limited	2019-20	3
3.	Kakinada Smart City Corporation Limited	2021-22	1
C. Government Controlled Other Companies Total			6
Grand Total (A+B+C)			342

Appendix III
(Referred to in Paragraph 1.8.3 & Page No.7)
Statement showing 17 SPSEs running on commercial lines

Sl. No.	Name of the Company
Power Companies	
1.	New and Renewable Energy Development Corporation of Andhra Pradesh Limited
2.	Andhra Pradesh Power Generation Corporation Limited
3.	Eastern Power Distribution Company of Andhra Pradesh Limited
4.	Southern Power Distribution Company of Andhra Pradesh Limited
5.	Andhra Pradesh Power Development Company Limited
6.	Andhra Pradesh Central Power Distribution Corporation Limited
Non-Power companies	
1.	Andhra Pradesh State Financial Corporation
2.	Andhra Pradesh State Warehousing Corporation
3.	Andhra Pradesh State Film Television & Theatre Development Corporation Limited
4.	Andhra Pradesh State Seeds Development Corporation Limited
5.	Andhra Pradesh Handicrafts Development Corporation Limited
6.	Andhra Pradesh Technology Services Limited
7.	Andhra Pradesh Power Finance Corporation Limited
8.	YSR Steel Corporation Limited
9.	Godavari Gas Private Limited
10.	Andhra Pradesh State Beverages Corporation Limited
11.	Andhra Pradesh State Financial Services Corporation Limited

Appendix IV
(Referred to in Paragraph 1.9.1 & Page No.11)
Statement showing SPSEs for which comments were issued

Sl. No.	Name of the Public Sector Undertakings	Period of comment issued
1.	Andhra Pradesh State Warehousing Corporation	2015-16
2.	Andhra Pradesh State Warehousing Corporation	2016-17
3.	Andhra Pradesh State Warehousing Corporation	2017-18
4.	Transmission Corporation of Andhra Pradesh Limited	2021-22
5.	Andhra Pradesh State Irrigation Development Corporation Limited (Revised Accounts)	2020-21
6.	NICDIT Krishnapatnam Industrial City Development Limited	2021-22
7.	Andhra Pradesh State Energy Efficiency Development Corporation Limited	2021-22
8.	Andhra Pradesh Trade Promotion Corporation Limited	2017-18
9.	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	2021-22
10.	AP Township and Infrastructure Development Corporation Limited	2021-22
11.	Amaravati Development Corporation Limited	2021-22
12.	Andhra Pradesh State Minorities Finance Corporation Limited	2021-22
13.	Andhra Pradesh Tribal Power Company Limited	2020-21
14.	Andhra Pradesh Tribal Power Company Limited	2019-20
15.	Andhra Pradesh Township and Infrastructure Development Corporation Limited	2020-21

16.	Andhra Pradesh State Irrigation Development Corporation Limited (Revised accounts)	2020-21
17.	Andhra Pradesh State Financial Corporation	2020-21
18.	Andhra Pradesh State Beverages Corporation Limited	2019-20
19.	Kakinada Smart City Corporation Limited	2020-21
20.	Andhra Pradesh State Seeds Development Corporation Limited	2020-21
21.	Andhra Pradesh State Beverages Corporation Limited	2020-21
22.	Andhra Pradesh Industrial Infrastructure Corporation Limited (STANDALONE)	2019-20
23.	Amaravati Development Corporation Limited	2020-21
24.	Andhra Pradesh Industrial Infrastructure Corporation Limited (STANDALONE)	2020-21
25.	Amaravati Smart & Sustainable City Corporation Limited	2017-18
26.	Amaravati Smart & Sustainable City Corporation Limited	2018-19
27.	Amaravati Smart & Sustainable City Corporation Limited	2019-20
28.	Amaravati Smart & Sustainable City Corporation Limited	2020-21
29.	Andhra Pradesh Technology Services Limited	2019-20
30.	Swachh Andhra Corporation	2018-19
31.	Andhra Pradesh Greening and Beautification Corporation	2020-21
32.	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	2020-21
33.	Andhra Pradesh Power Generation Corporation Limited (STANDALONE)	2021-22
34.	Andhra Pradesh Mineral Development Corporation Limited (STANDALONE)	2016-17
35.	Andhra Pradesh Power Development Company Limited	2021-22
36.	AIC-AMTZ Medi Valley Incubation Council	2020-21
37.	Andhra Pradesh State Agro Industries Development Corporation Limited	2020-21
38.	Andhra Pradesh State Financial Corporation	2021-22
39.	Andhra Pradesh Digital Corporation Limited	2019-20
40.	Andhra Pradesh State Seeds Development Corporation Limited	2021-22
41.	Andhra Pradesh Power Finance Corporation Limited	2021-22

Appendix V
(Referred to in Paragraph 1.9.2 & Page No.11)
Significant comments of the Comptroller and Auditor General of India issued as
Supplement to the Statutory Auditors' Reports

Sl. No.	Name of the SPSE	Comment
Comments on Profitability		
1.	Andhra Pradesh Power Finance Corporation Limited (2022-23)	<p>Statement of Profit and Loss</p> <p>Expenses</p> <p>Impairment on Financial Assets (Note 23): NIL</p> <p>Balance of loans amounting to ₹13,901.19 crore (Note-6) as on 31 March 2023 includes ₹570.50 crore and ₹810.75 crore loans given to APGENCO and APPDCL respectively. 'Provision on Standard Assets' at 0.40 <i>per cent</i> required to be created⁹⁹ against such loan amount. As per Master Direction¹⁰⁰, provision was provided as disclosed under Note-32. The Board resolved (178th meeting held on 31 March 2023) to extend the moratorium period by one year and the above said loans were restructured.</p> <p>As per master direction read with Prudential Framework for Resolution¹⁰¹ of Stressed Assets 'restructuring' includes alteration in the payment period. Hence, upon restructuring of the said two loans, such assets should have been reclassified as the Sub-standard assets. Provision on the Sub-standard assets at 10 <i>per cent</i> should have been recognised as per the provisions of Para 12 and 13 of the Master direction of Reserve Bank of India. Accordingly, the balance short provision for the sub-standard assets at 9.60 <i>per cent</i> on these two loans works out to ₹132.60 crore (after netting the 0.40 <i>per cent</i>). This resulted in understatement of the 'Provision for Standard Assets' by ₹132.60 crore with corresponding overstatement of Profit for the year to that extent.</p> <p>Revenue from Operations</p> <p>Other Income (Note 20): ₹4.09 lakh</p> <p>The above does not include ₹19.19 lakh (excluding GST amount of ₹3.46 lakh) towards pre-closure charges at the rate of 0.5 <i>per cent</i> on ₹45.30 crore (out of total Inter Corporate Deposits (ICDs) of ₹500 crore) of ICDs withdrawn by Andhra Pradesh Solar Power Corporation Private Limited before maturity date. There was neither disclosure of such waiver nor approval of the competent authority / Board of Directors of the Company for waiver of pre-closure charges as on reporting date. Thus, omission to account for the pre-closure charges resulted in understatement of Receivables by ₹22.65 lakh (including GST amount of ₹3.46 lakh) and Profit for the year by ₹19.19 lakh.</p>
2.	Andhra Pradesh State Development Corporation Limited (2020-21)	<p>Expenses</p> <p>Other Expenses (Note No.15): ₹22.60 crore</p> <p>The Company did not recognise ₹370 crore of Guarantee Commission payable to the GoAP at the rate of two <i>per cent</i> on the guaranteed amount for raising the Rupee Term Loans of ₹18,500 crore as per G.O. Ms. No. 92 dated 03.11.2020.</p>

⁹⁹ as per the RBI/DNBR/ 2016-17/45

¹⁰⁰ DNBR.PD.008/03.10.119/ 2016-17 of Reserve Bank of India

¹⁰¹ DBR.No.BP.BC.45/ 21.04.048/2018-19 dated 07.06.2019

		This resulted in understatement of other expenses and current liability by ₹370 crore and loss for the year to that extent.
3.	Andhra Pradesh State Beverages Corporation Limited (2021-22)	<p>Expenses Other expenses ₹3,286.58 crore</p> <p>The Company did not recognise ₹7.27 crore towards various expenses incurred during the year and payable as on reporting date. This resulted in understatement of Other expenses and Other Current Liabilities-Others by ₹7.27 crore with corresponding overstatement of Profit for the year by ₹7.27 crore.</p>
4.	Transmission Corporation of Andhra Pradesh Limited (2021-22)	<p>Revenues Other Income (Note 21 A): ₹187.25 crore Supervision charges: ₹44.73 crore</p> <p>The above was overstated by ₹6.53 crore due to incorrect inclusion of development charges collected from four consumers, instead of under Grants (Non-government consumer contributions). This has resulted in overstatement of Profit for the year and understatement of Grants by ₹6.53 crore.</p>
Comments on Financial Position		
1.	New and Renewable Energy Development Corporation of Andhra Pradesh Limited (2021-22)	<p>Balance Sheet Assets Current assets Trade receivables (Note 16): ₹28.95 crore</p> <p>During 2019-20 and 2020-21, the Company recognised trade receivables of ₹1.35 crore and ₹1.64 crore respectively from AP DISCOMs towards expenditure incurred by the Company on account of Feasibility and DPRs in connection with Pumped Storage Projects (PSP), as disclosed in the Note-28(6) to the Financial Statements for 2021-22.</p> <p>However, contrary to this, the expenditure incurred amounting to ₹8.27 crore by the Company in connection with PSPs during the current year was not recognised as receivables from DISCOMs, which was not in line with Government orders also. Hence, this resulted in understatement of Trade Receivable and overstatement of Loss for the year by ₹8.27 crore.</p>
2.	Andhra Pradesh State Development Corporation Limited (2020-21)	The Company did not recognise ₹222 crore receivable from Andhra Pradesh Power Finance Corporation (APPFC) since the amount was transferred to APPDC on the directions of GoAP. Instead, the same was adjusted against the Government loan. This resulted in understatement of other Current Assets-receivables and Current Liability-GoAP by ₹222 crore each.
3.	Andhra Pradesh State Beverages Corporation Limited (2021-22)	<p>Deferred Tax Assets (Net): ₹14.49 crore</p> <p>The above represents deferred tax asset (DTA) recognised in earlier years due to timing difference of deductible temporary differences. As per Para 26 of AS 22, DTAs need to be reviewed at each balance sheet date to ascertain the availability of sufficient future taxable income. As the Company added a new objective clause to promote the interests of the members of SC, ST and BC classes whereby exempted from income tax under Section 10 (26B) of the Income Tax Act, 1961. As such, the Company should have withdrawn the deferred tax asset due to non-availability of taxable income in future to realise the DTAs. The inaction resulted in overstatement of Non-current Assets, understatement of Other Expenses by ₹14.49 crore with corresponding overstatement of Profit for the year by ₹14.49 crore.</p>

4.	Andhra Pradesh Industrial Infrastructure Corporation Limited (2020-21)	Personal Deposit (PD) Account balance of ₹1,758.70 crore, in the nature of Current Assets should have been disclosed as ‘Other Current Assets’, separately from Cash and Cash equivalents, and bank balance. Thus, the wrong classification resulted in overstatement of Other Financial Assets (Non-Current) and understatement of Other Current Assets by ₹1,758.70 crore each.
5.	Transmission Corporation of Andhra Pradesh Limited (2021-22)	<p>Equity and Liability</p> <p>Equity</p> <p>Other Equity (Note-11B): ₹3,133.57crore</p> <p>A reference is invited to Comment No. B (2) on the financial statements for the year ended 31 March 2020 and Comment No. A (1) on the financial statements for the year ended 31 March 2021. Though the Company treated the funds received from Government of Andhra Pradesh (GoAP) towards Deposit contribution works for extension of electricity lines and substations for Lift Irrigation Schemes (as detailed in Note 34 and 35) in line with other grants received (as per Note 1(h)), it included the same in “Other Equity” (Note 11B) instead of “Grants” (Note12).</p> <p>This has resulted in misclassification of accounts with overstatement of “Other Equity” and understatement of “Grants” by ₹1,168.76 crore.</p> <p>Grants (Note12): ₹1,287.03 crore</p> <p>A reference is invited to Note 1 (h) of the Financial Statements wherein it was stated that the grants related to depreciable assets are recognised in Profit or Loss account over the period and in the proportion in which depreciation expense on those assets is recognised.</p> <p>The company capitalised the assets to the extent of ₹154.05 crore acquired from Solar Energy Corporation India Limited (₹120 crore) and Power System Development Fund (₹34.05 crore) grants to the end of March 2022 and provided depreciation there on to the extent of ₹30.63 crore. Though the said assets were depreciated over the period, the grants were not amortised with equivalent amount of depreciation in line with the stated accounting policy.</p> <p>This has resulted in overstatement of grants by ₹30.63 crore and Other Income and Profit for the year by ₹30.63 crore with consequential understatement of “Other equity” by same amount.</p>
6.	Andhra Pradesh Industrial Infrastructure Corporation Limited (2020-21)	<p>Non-Current Liabilities</p> <p>Other Non-Current Liabilities (Note-15): ₹1853.09 crore</p> <p>The above does not include ₹574.61 crore due to non-recognition of liability towards land conversion charges, which was payable to the State Government in respect of agriculture lands allotted to the Company up to 31.01.2018 in accordance with provisions of AP Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (the Act), as amended.</p> <p>As per Section 7(g) of the Act, as amended through Act No.13 of 2018, the agriculture land allotted to the Company for non-agricultural purpose are exempted from payment of land conversion charges only from 01.02.2018, as notified vide G.O. No.37 dated 25.01.2018 and G.O. No.98 dated 19.02.2018. However, there has been no waiver or exemption from the Government as on date of finalisation of accounts. Thus, exhibition of clear liability as Contingent Liability in Notes to Accounts without specific approval of exemption / waiver</p>

		by the competent authority of State Government is not correct. Thus, non-recognition of liability towards land conversion charges resulted in understatement of Current Liabilities and understatement of Current Assets (Inventories) by ₹574.61 crore.
Comments on Disclosures		
1.	Godavari Gas Private Limited (2022-23)	<p>Capital work-in-progress (Note-6): ₹235.45 crore</p> <p>According to Division-II (Ind AS) of Schedule III (as amended in March 2021) and the provisions of Section 129 of the Companies Act 2013, Capital Work-in-Progress (CWIP) ageing schedule (Projects in progress and Projects temporarily suspended) in the prescribed format shall be given in financial statements. Further, CWIP whose completion is overdue or has exceeded its cost compared to its original plan, CWIP completion schedule shall be given separately. As on 31 March 2023, the balance of CWIP disclosed on the face of Balance Sheet and Note-6 was ₹235.45 crore (previous year: ₹221.56 crore) constituting 77.01 per cent of total Property, Plant and Equipment (PPE) as on reporting date.</p> <p>However, the ageing Schedule of CWIP was not disclosed in the financial statements for the year, which is a deviation from the provisions of the Companies Act, 2013. Though the Management should disclose the reasons for deviation and impact, the same has not been complied with.</p>
2.	Andhra Pradesh Power Finance Corporation Limited (2022-23)	<p>The Company recognised interest income of ₹406.41 crore as interest serviced by the GoAP towards Debt Securities. The Company had neither borrowed nor any loan was outstanding from the State Government as per Note-6 (Loans). Hence, the Company should have disclosed the basis for receiving the interest from the Government and the nature of income to the extent of ₹406.41 crore, apart from disclosure in Note-37A.</p> <p>As per the RBI Master direction dated 01.09.2016, Non-Banking Finance Companies shall recognise incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA) as per categories considering the period for which principal or interest payment or any other amount wholly or partly overdue. Though ageing schedule of the trade receivables was disclosed, the Company has not adhered to the provisions of RBI Master direction, since loans asset on which the amount of interest and principal has not been received during the last six months was neither disclosed nor classified as SMA.</p>
3.	Andhra Pradesh State Beverages Corporation Limited (2021-22)	<p>(a) The Company did not disclose the fact of pending recovery of ₹474 lakh towards breakage/theft/misappropriation except that ₹926.91 lakh was recovered towards the breakage/theft/ misappropriation.</p> <p>(b) The State Government authorised the Company to retain special margin by amending the Andhra Pradesh Indian Made Foreign liquor, Foreign Liquor, Act 2021 and the Company included (09.09.2021) a new main objects clause to promote the interests of the members of Scheduled Caste, Scheduled Tribe and Backward classes through implementation of various welfare schemes. The Company accordingly disbursed ₹2,228 crore towards social welfare activity viz., YSR Pension Kanuka Scheme. Hence, the same should have been disclosed in detail.</p>

Appendix VI
(Referred to in Paragraph No. 2.1.1 & Page No.23)
Showing the list of units selected for audit

Name of the Division	Units Selected
SPSR Nellore	Gundalakamma water fleet, TADA & Haritha Hotel
Visakhapatnam	Haritha Mayuri, Borra Caves, Haritha Beach Resort (Yarada, & Rushikonda), Fishing Harbour, Transport unit, Haritha Yatri Nivas
Tirupati	Horsley Hills, Wayside Amenities (Palamaner & Srikalahasti), Sound & Light show (Chandragiri), B-type quarters (Tirumala), Transport unit

Appendix VII
(Referred to in Paragraph No. 2.1.3 & Page No.24)
Showing funds sanctioned and released under Central Financial Assistance

(₹ in crore)

Name of the Project	Year of Sanction	Sanctioned Project Cost	Total Receipts during 2014-15 to 2022-23	Total expenditure incurred as of March 2023
Sagarmala Scheme				
Construction of Jetty at Bhavani Island, Vijayawada	2016-17	10.00	5.00	4.79
Swadesh Darshan Scheme				
Development of Kakinada Hope Island Konaseema Costal & Eco-tourism Circuit	2014-15	67.83	67.84	65.72
Development of Costal Tourism circuit, SPSR Nellore	2015-16	49.55	47.76	48.72 ¹⁰²
Development of Mahayana Buddhist Circuit	2017-18	26.17	24.14	23.47
Prasad Scheme				
Development of Amaravati	2015-16	27.77	27.77	24.33
Development of Srisailam	2016-17	43.08	43.08	39.35
Hriday Scheme				
Development of Heritage Walk, Amaravati	2015-16	12.34	12.34	11.69
Development of heritage pond, Amaravati	2018-19	6.14	4.28	3.85
Total		242.88	232.20	221.92

Source: Information furnished by APTDCL

Note: All works were completed except the work taken up under Sagarmala which was stalled.

¹⁰² the balance amount is yet to be received from GoI

Appendix VIII

(Referred to in Paragraph No. 2.1.4.1 & Page No.27)

Statement showing idling of assets created under Swadesh Darshan Scheme

Name of the project	Cost of construction (₹ in crore)	Year of completion of construction of Asset	Present status	Period of non-operation/ lying idle as of March 2023
Development of Kakinada Hope Island, Konaseema				
1. Upgradation of Jetty, Hope Island	0.70	2018	Due to boat accident in September 2019, GoAP instructed not to operate. Since then, boat operations were stopped.	Lying idle for three years six months.
2. Passenger Terminal at Kotipalli ¹⁰³	2.06	2018	Operation and Maintenance (O&M) agreement entered on 18.12.2023 with contractor.	Lying idle for four years 10 months.
3. S. Yanam Project ¹⁰⁴	0.57	2018	O&M agreement concluded on 14.10.2022 with contractor.	Lying idle for three years seven months.
Sub total	3.33			
Development of Coastal Tourism Circuit in SPSR Nellore				
4. Development of tourist amenities ¹⁰⁵ at BV Palem	14.99	2021	Agreement concluded on 26.06.2023.	Lying idle for one year three months.
5. Development of tourist amenities Kotha Koduru ¹⁰⁶	4.81	2018	Agreement concluded on 11.08.2023.	Lying idle for four years 10 months.
6. Tourist Amenity Centre (TAC ¹⁰⁷) & Watch tower at Nelapattu Bird Sanctuary	5.30	2018	Agreement concluded on 07.09.2022.	Lying idle for four years two months.
7. TAC ¹⁰⁸ at Ramatheertham	2.99	2018	Agreement concluded in March 2024.	Lying idle for five years.
8. TAC at Iskapalli	2.26	2018	Letter of Intent (LoI) issued in March 2023. Agreement finalised in March 2024.	Lying idle for four years three months.
Sub total	30.35			
Total	33.68			

Source: Information furnished by APTDCL

¹⁰³ waiting lounge, information centre, water supply facilities, washrooms, etc.

¹⁰⁴ Passenger terminal with waiting lounge, Information Centre, ticket counter, water supply, washrooms, tented accommodation, water sports, landscaping, waste collection bins, parking lot, etc.

¹⁰⁵ Floating jetty, approach road, tourist facilitation centre, parking, pathway, seating plaza, signages, solar lighting, waste collection bins, boating (cruise boats (two) /speed boats (three))

¹⁰⁶ Approach road, reception centre, pathway, souvenir kiosks (12), waterfront furniture, parking, signages, solar lighting, waste collection bins

¹⁰⁷ Tourist facilitation centre, watch tower, pelican resting places (70), waste collection bins, solar lighting

¹⁰⁸ Amenities centre, waterfront furniture, parking, signages, solar lighting, waste collection bins

Appendix IX
(Referred to in Paragraph No.2.1.5.2 & Page No.31)
Statement showing administrative sanction of three phases of the project

(₹ in crore)

Phase Number	Initial Components	Initial Administrative sanction	Phase Number	Revised Components	Revised Administrative sanction
I	Site preparation and Road works.	92.00	I	Site Preparation & structural works of Vengi, Kalinga and Gajapati blocks.	159.31
II	Construction of four buildings (Vengi, Kalinga, Gajapati and Vijayanagara)	72.00	II	Architectural & allied works of Kalinga and Gajapati block, structural work of Vijayanagara block.	94.49
			III	Interior works of all four blocks.	96.36
Total		164.00			350.16

Source: Information furnished by APTDCL

Appendix X

(Referred to in Paragraph No.2.1.6.1 & Page No.34)

Statement showing low average occupancy of hotels in 2022-23

Sl. No.	Unit Name	Number of Rooms available per day (a)	Total occupancy of Rooms in 2022-23 (in days) (b)	Average occupancy Ratio (in per cent) (c)=(b/(ax365)) x100
Vishakapatnam Division				
1.	Haritha Beach Resort, Kalingapatnam	4	344	24
2.	Haritha Hill Lambasingi	19	2,699	39
Tirupati Division				
3.	Haritha Hills Resort, Horsley hills	57	7,941	38
4.	Haritha Srikalahasti	25	2,639	29
5.	Haritha Hotel, Kailasanathakona	4	582	20
6.	Haritha Hotel Puligundu	8	715	25
SPSR Nellore Division				
7.	Haritha Hotel, SPSR Nelore	54	5,716	29
8.	Haritha Flamingo Resort, Tada	22	1,077	13

Source: Information furnished by APTDCL

Appendix XI

(Referred to in Paragraph No.2.1.6.2 & Page No.34)

Statement showing idling/non-operation of assets

(₹ in crore)

Sl. No.	Name of the project/property	Date of construction/ expiry of lease period	Cost of the project	Present status as per APTDCL records (as of March 2023)	Period of idling of asset as of March 2023
1.	Operation & Maintenance of Hotel at Muchumarri, Nandyala.	March 2019	0.40	Partly constructed property. Nil response in previous tender and Fresh tender to be recalled.	48 months
2.	Restaurant at Madakasira Ananthapuramu.	July 2019	1.00	Nil response in previous tender and Fresh tender to be recalled.	44 months
3.	Restaurant Property at Muktayala, Jaggayapeta, Vijayawada.	February 2021	1.02	Nil response in previous tender and Fresh tender to be recalled.	25 months
4.	Noonegundam Tank Amaravati, Palnadu.	September 2021	4.30	Nil response in previous tender and Fresh tender to be recalled.	17 months
5.	Laser Show at Budhavanam Amaravati.	August 2021	4.98	Nil response in previous tender and Fresh tender to be recalled.	19 months
6.	Beach Resort at Revupolavaram.	June 2016	1.50	Nil response in previous tender and Fresh tender to be recalled.	81 months
Total			13.20		

Source: Information furnished by APTDCL

Appendix XII
(Referred to in Paragraph No.2.1.7.3(b) & Page No.37)
Statement showing non-realisation of dues from PPP Projects

(Amount in ₹)

Sl. No.	Project name	Total Invoice generated till March 2023	Total Amount Received till March 2023	Balance to be received	Interest levied	Total dues to be realised as of March 2023
1.	Laila three Star (LR)	9,66,63,730	9,41,85,565	24,78,165	41,47,213	66,25,378
	Laila three star (ADP)	81,52,479	75,38,768	6,13,711	9,83,996	15,97,706
	FEC Laila (LR)	9,05,92,321	8,72,39,203	33,53,118	47,48,870	81,01,988
	FEC Laila (ADP)	1,43,55,906	1,42,82,006	73,900	15,54,518	16,28,418
	ZPP Laila (LR)	51,80,657	48,74,532	3,06,125	2,25,383	5,31,508
	ZPP Laila (ADP)	5,84,840	5,77,575	7,265	9,900	17,165
2.	City of Destiny (ADP)	54,13,049	50,75,540	3,37,509	8,11,483	11,48,992
3.	Pushkarlapeta (LR)	4,74,17,234	3,34,33,590	1,39,83,644	1,42,13,986	2,81,97,629
	Pushkarlapeta (ADP)	5,44,82,539	3,39,80,815	2,05,01,723	2,52,79,127	4,57,80,851
4.	Manjeera (LR)	4,37,69,996	3,51,93,876	85,76,120	65,17,563	1,50,93,683
	Manjeera (ADP)	3,16,92,828	69,44,145	2,47,48,683	57,05,259	3,04,53,942
5.	Mantralayam (LR)	85,32,844	86,11,047	(-)78,203	1,50,779	72,576
6.	Senora beach (LR)	19,81,953	20,79,994	(-)98,041	1,79,319	81,278
	Senora beach (ADP)	25,46,484	28,52,979	(-)3,06,495	3,43,139	36,644
7.	KV Motel (LR)	85,84,685	70,45,064	15,39,621	8,96,275	24,35,896
Total		41,99,51,545	34,39,14,699	7,60,36,845	6,57,66,810	14,18,03,654

Source: Information furnished by APTDCL

Note: FEC - Family Entertainment Centre, LR- Lease Rent, ADP: Additional Development Premium

Appendix XIII
(Referred to in Paragraph No.2.1.7.3 (c) & Page No.37)
Statement showing non-realisation of dues from O&M Projects

(Amount in ₹)

Sl. No.	Division	Project name	Total dues to be realised as of March 2023
1.	Kakinada	Beach Front Arcade, NTR beach, Kakinada	57,88,870
2.		Wayside Amenity at Kovvuru, West Godavari District	6,56,741
3.		Hotel at Rampachodavaram, West Godavari District	7,82,604
4.		Wayside Amenity at Pattiseema	43,57,556
5.		Restaurant at Coringa, Near Kakinada	44,55,586
6.		Hotel at Antharvedi	3,81,816
7.		River side Restaurant Adurru, East Godavari District	24,60,268
8.		River side Restaurant Pasarlapudi, East Godavari District	26,68,054
9.		Beach Resort at Kakinada	2,66,33,205
10.	Kakinada	Kolleru Lake Resort at Gudivakalanka, Eluru, West Godavari District	70,75,391
11.		Hotel at Yerrakaluva, West Godavari District	6,22,671
12.	Kadapa	Hotel at Gopavaram, Kadapa	32,542
13.		Wayside Amenity, Thallapaka	32,12,842
14.		Wayside Amenity, Alamkhanpalli	23,54,159
15.	Kurnool	Puttarty Hotel, Ananthapur	1,80,222
16.		Resort at Dornala	54,653
17.		Highway Plaza at Belum Caves	86,526
18.		Banquet Hall at Haritha Hotel, Kurnool	6,56,914
19.		Souvenir Shop 12 Sq.ft, at Haritha Hotel, Kurnool	63,814
20.	SPSR Nellore	Swimming Pool (Swarnala Cheruvu) Boating Unit, SPSR Nellore	93,213
21.		Beach Resort at Kothapatnam, Prakasham District	12,39,319
22.		DV Satram- Offhome hotels	2,20,356
23.		Mypadu- Offhome hotels	2,51,029
24.		Nelapattu- Offhome hotels	5,01,434
25.		Ramayapatnam Beach Resorts Private limited	9,23,762
26.		Highway Plaza at Tada	79,17,073
27.		Highway Plaza at D.V Satram	18,56,542
28.		Beach Resort at Tummalapenta	40,27,709
29.		Coffee Shop (Restaurant) at Boating Unit, SPSR Nellore	2,48,920
30.		Eco Park (Swarnala Cheruvu), SPSR Nellore	1,46,387
31.	Tirupati	Highway Plaza at Kuppam	3,50,603
32.		Nagari Offhome Hotels	1,56,881
33.		Kuppam- Offhome hotels	5,05,504
34.		Palamaner- Offhome hotels	2,56,487
35.	Visakhapatnam	Beach Front and Shack Operations at Thotlakonda beach	17,08,038
36.		Shop No 9B, Rushikonda, Visakhapatnam	73,653
37.		Shop No 6A, Rushikonda, Visakhapatnam	33,509

38.		Shop No 6B, Rushikonda, Visakhapatnam	22,180
39.		Hotel at Arasavalli	67,82,862
40.		Shop No 9A, Rushikonda, Visakhapatnam	2,32,502
41.		Beach Resort at Baruva	36,93,561
42.		Container Restaurant, Erramattidibbalu, Visakhapatnam	41,15,395
43.		Beach Resort at Chinthapalli, Srikakulam District	8,89,078
44.		Idea Cellular Towers at Rushikonda	2,08,736
45.		Vodafone Cellular Towers at Rushikonda	7,65,488
46.		Wayside Amenity, Thatipudi, Vizianagaram District	4,14,773
47.		Beach Front Shacks at Yarada	52,49,688
48.	Vijayawada	Hotel at Amaravati, Beside Dyna Buddha, Vijayawada Division	49,68,755
49.		Palnadu Resort, Nagarjuna Sagar, Srisailam Division (AMC)	70,57,156
50.		Palnadu Resort (Additional Development Premium)	47,26,291
Total			12,21,61,318

Source: Information furnished by APTDCL

Glossary

Pages 63 to 63

Glossary	
ADP	Additional Development Premium
AGM	Annual General Meeting
APERC	Andhra Pradesh Electricity Regulatory Commission
APSRTC	Andhra Pradesh State Road Transport Corporation
APTDCL	Andhra Pradesh Tourism Development Corporation
BoD	Board of Directors
CAG	Comptroller & Auditor General of India
CFA	Central Financial Assistance
DA&M	Department of Archaeology & Museum
DoP	Department of Ports
DPR	Detailed Project Report
DTC	District Tourism Council
GoAP	Government of Andhra Pradesh
GoI	Government of India
GSDP	Gross State Domestic Product
HDR	Hard Dense Rock
ID	Independent Director
MoUD	Ministry of Urban Development
NRC	Nomination and Remuneration Committee
O&M	Operation & Maintenance
PDF	Project Development Fee
PPP	Public Private Participation
RoCE	Return on Capital Employed
SDR	Soft Disintegrated Rock
SDS	Swadesh Darshan Scheme
SEBI	Securities Exchange Board of India
SIPB	State Investment Promotion Board
SPSE	State Public Sector Enterprise
TPT-TML	Tirupati-Tirumala
WDV	Written Down Value
YAT&C	Youth Advancement, Tourism & Culture

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