

PRESS RELEASE

TO DEBENTUREHOLDERS OF ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
("APSBCL")

Ref No.: BTL/OPR/24-25/62433

Date: November 05, 2024

Sub.: Valuation Report and Security Cover Report for the quarter ended 31st March 2024 and 30th June 2024.

This press release is being made in our capacity as the Debenture Trustee for senior, secured, rated, listed, redeemable, taxable non-convertible bonds, issued by APSBCL, vide debenture trust deed dated June 14, 2022, and December 20, 2022, ("DTD").

We request your reference to our attached Monitoring certificates dated October 30, 2024 for the quarter ended 31st March 2024 and 30th June 2024, issued by the Empaneled Agency as required under SEBI DT Master Circular dated 16th May 2024 ("Annexure A").

Thanks & Regards,
For Beacon Trusteeship Limited



Name: Ritobrata Mitra
Designation: Vice President



BEACON TRUSTEESHIP LIMITED

Registered Office & Corporate Office : 5W, 5th Floor, The Metropolitan, E-Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

Phone : +91 95554 49955 Email : contact@beacontrustee.co.in

Website : www.beacontrustee.co.in CIN : L74999MH2015PLC271288

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Valuation report
of
ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Corporate Identification Number: U15400AP2015SGC097161

(Private and Confidential)

Certified by:

P V K & Co.
Chartered Accountants
FRN: 139505W

P V K & Co.

Chartered Accountants

Date: 30/10/2024

To,
Beacon Trusteeship Limited,
5W, 5th Floor, The Metropolitan,
Bandra Kurla Complex, Bandra (East),
Mumbai, Maharashtra, India, 400051.

Dear Sir/Madam,

Subject: Valuation of security offered by 'Andhra Pradesh State Beverages Corporation Limited ("APSBCL")' for the quarter ended March, 2024 for the issue of Rs. 8305 crores (Tranche I) and Rs. 1700 crores (Tranche II)

I. Purpose:

We have been engaged by Beacon Trusteeship Limited having its registered office at 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 to certify the valuation of security offered by APSBCL as a security for the issue of Rs. 8305 crores (Tranche I) and Rs. 1700 crores (Tranche II).

We understand that Beacon Trusteeship Limited has placed its reliance on the Net Present Value of estimated revenue to be generated from collection of Sale proceeds and Special Margin from the sale of alcohol in the State of Andhra Pradesh.

The said revenue is to be deposited on a daily basis in the '**Net Revenue Receipt Account**' of the company, which is being offered as a security against issue of Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds with a Face value of INR Ten Lakhs per Bond for an issue amount of INR Eight Thousand Three Hundred and Five crores (Tranche I) and INR One Thousand Seven Hundred Crores (Tranche II) on Private Placement Basis of Andhra Pradesh State Beverages Corporation Limited.

In light of the NPV arrived from future estimates of special margin revenues is interconnected to the spending money in the current accounting period due to which the benefits of the expenses will help APSBCL to earn revenue from special margin over several accounting periods, the said expenses has been categorized by the management of the APSBCL as 'Deferred Revenue Expenditure' under asset in Balance sheet and has been considered as security against the issue of Rs. 8305 crores (Tranche I) and Rs. 1700 crores (Tranche II). Further, Beacon Trusteeship as well as we have received an undertaking from APSBCL stating the fact that the net present value of future sales and interconnect expenses will be accounted in the books of accounts as 'Deferred

Revenue Expenditure' under assets in balance Sheet.

Further, a deed of Guarantee cum Undertaking dated 30 May 2022 along with Letter of Continuity dated 17 November 2022 between State of Andhra Pradesh as a Guarantor and Beacon Trusteeship will provide additional security to Beacon Trusteeship Limited and financier that in case of default the entire amount of default will be funded by the Government of Andhra Pradesh.

The issue of rated, listed, secured, redeemable, taxable, non-convertible bonds in various tranches in the nature of debentures, with an unconditional and irrevocable guarantee by the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such Debentures / Bond each having a face value of INR 10,00,000/- aggregating to INR 2,000 crores along with green shoe option to retain oversubscription of 6,305 crores for an aggregate issue size of INR 8,305 Cr (Tranche I) and such Debentures / Bond each having a face value of INR 10,00,000/- aggregating to INR 500 crores along with green shoe option to retain oversubscription of up to INR 1200 crores for an aggregate issue size of INR 1,700 Crores (Tranche II) of Andhra Pradesh State Beverages Corporation Limited (APSBCL).

The said net present value of revenues has been certified by the management of APSBCL dated 31 March 2024. The same has been attached as a part of this certificate as **Annexure 2**.

The above said estimates of revenue to be generated from collection of Sale proceeds and Special Margin are based on the Government Order having reference no. G.O.Ms. No. 313 dated November 09, 2021, G.O. Ms 414 dated 27.05.2022 along with a copy of the Andhra Pradesh (Regulation of Trade in Indian made Foreign Liquor) (Amendment) Act, 2022 dated 26 April 2022 (attached herewith as **Annexure 3, Annexure 4 and Annexure 5** respectively to this Report)

II. Background / Information about Company

The Company (APSBCL) is classified as State Government Company and incorporated on August 12, 2015 having its registered office at 1st Floor, Proh. & Excise Complex, D.No. 5-69-55 / 9A Taluk Office Compound, 6/1, Brodipet Guntur Krishna 522002 is 100% held by the Government of Andhra Pradesh (hereinafter referred as "Authority"). The company carries out the business of wholesale and retail trade, export and import of IMFL & FL in the State of Andhra Pradesh as an agent of the GOAP.

a) The Government of Andhra Pradesh (herein after also referred as "Authority") with a view to improve the physical quality of life of its people and reduce the levels of alcohol consumption in the State have reduced the number of retail outlets of alcohol in the State. Further, the existing MRPs of liquor to be unchanged by specifying Special Margin on alcoholic beverages.

b) Accordingly, the government of Andhra Pradesh, vide its, vide its Government Order No. 313 dated November 09, 2021, in order to ensure reduction in consumption of liquor, has decided to specify Special Margin rates as mentioned in the order.

c) In accordance with the same, the Company shall be awarded with the Percentage of Special Margin on alcoholic beverages as per the said Government Order.

III. Scope and Limitations

Auditor Responsibility

Our certificate on valuation is inter-alia based on the financial and other information provided by/ on behalf of the Management. Our valuation does not constitute as an auditor review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. Accordingly, we assume no responsibility for any errors in the information furnished by Beacon Trusteeship, APSBCL and Authority as well as their impact on the Report. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, it may have a material effect on our findings.

We have initialed the certificate for identification purposes only.

While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information.

We have placed reliance on the certificate issued by the management in respect of the calculation and respective assumptions taken for arriving at the net present value of the future revenues expected to be generated inter-alia notifications issued by the authority and attached as a part of this certificate. We assume no responsibility for such valuation arrived by the management.

This Report is prepared on the basis of the sources of information listed below in the report has relied upon their representation provided by the Management that the information contained in the Report is accurate and complete, fair in its manner of portrayal and therefore forms a reliable basis for the Valuation.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

Management Responsibility:

The certificate, including the creation and maintenance of all accounting and other records supporting its contents, is solely the responsibility of the Management of the APSBCL. The Management is responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Management is also responsible for ensuring that the APSBCL complies with the requirements of the laws and regulation and for providing all relevant information to the concerned authority, banks and financiers from time to time.

Other Matters:

Attention is drawn towards the valuation arrived by the management of APSBCL which may contain and/ or are based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as our predictions or as our assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material.

We take no responsibility and neither verified for the achievement of the predicted results.

Restriction of Use:

It is inappropriate to use this Report for financing or any purpose other than the purpose mentioned above. We are not responsible for the unauthorized use of this Report. We shall not assume any responsibility to any third party to whom the Report is disclosed or otherwise made available. Except as may be required under SEBI Regulations, it shall not be provided to any third party without our prior written consent.

IV. Opinion:**Methodology Adopted for fair valuation:**

Valuation of Business entails estimation of Fair value of Non-Convertible Deep Discount Bonds (NCDs) of the company. In valuing business, three different approaches may be employed to determine the value:

- A. The Income Approach
- B. The Market Approach
- C. The Asset Approach

A. Income Approach**(i) Discounted Free Cash Flow Method (DCF)**

- Under a DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit Forecast Period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.
- DCF methodology typically requires the Forecast Period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries.
- The rate at which the future cash flows are discounted ("the discount rate") should reflect not only the time value of money, but also the risk associated with the business' future operations. The discount rate most generally employed is Weighted Average Cost of Capital ("WACC") or Cost of Equity (Ke), reflecting an optimal as opposed to actual financing structure.

- In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit Forecast Period. The "constant growth model", which applies an expected constant level of growth to the cash flow forecast in the last year of the Forecast Period and assumes such growth is achieved in perpetuity, is a common method. These results would be cross-checked, however, for reasonability to implied exit multiples.
- The rate at which future cash flows are discounted should reflect not only the time value of the cash flows but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

(ii) Net Present Value (NPV)

- Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is used in capital budgeting and investment planning to analyse the profitability of a projected investment or project.
- NPV is the result of calculations used to find today's value of a future stream of payments. It accounts for the time value of money and can be used to compare similar investment alternatives. The NPV relies on a discount rate that may be derived from the cost of the capital required to make the investment, and any project or investment with a negative NPV should be avoided.

B. Market Approach

(i) Comparable Companies Multiples (CCM)

- This methodology uses the valuation ratio of a publicly traded company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value [e.g. Revenue, EBITDA, EBIT, Earnings per Share or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs. In the instant case, the Company belongs to Road and Infrastructure Industry and in absence of any comparable of similar companies, it is inappropriate to use this methodology for this valuation.

C. Asset Approach

(i) Net Asset Method (NAV) or Underlying Asset Method

- The Asset based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value. However, this methodology recognizes historical cost of net assets only, without recognizing its present earnings, comparative financial performance of its peers and their Fair values, etc.
- In general, Net Asset Value only reflects the minimum proxy value of the company, therefore, we deemed it appropriate to ignore this methodology for this valuation.

V. Approach Adopted for Valuation

❖ Net Present Value (NPV)

- NPV is considered a superior method of evaluating the cash flows from a project because it is able to rank projects of different sizes over varying periods of time to determine the most profitable course of action. It is the discount rate that is used to calculate a zero NPV for a series of cash flows.
- Because the NPV method uses a reinvestment rate close to its current cost of capital, the reinvestment assumptions of the NPV method are more realistic than those associated other method.
- NPV is considered superior to payback, the other method popular capital budgeting techniques, because it is the most complete picture of future cash flows.
- Advantages of the Net Present Value Method Cash flow from future years is discounted back to the present to find their worth. The NPV method produces a dollar amount that indicates how much value the project will create for the company. Stockholders can see clearly how much a project will contribute to their value.
- **The Valuation as per Audited Balance sheet as on 31 March 2024 reflecting Deferred Revenue expenditure and balances in various charge accounts is INR 12,971.90 crores, the bifurcation of which is given below:**

	Amount (Rs. in crores)
Deferred Revenue Expenditure	11,482.95
Accrued interest from Fixed Deposits	23.70
Cash and cash equivalents (APSBCL Bond Servicing Account)	28.44
Bank balances other than Cash and Cash Equivalents (Deposits-DSRA & BSA)	1,436.81
Total Assets (I)	12,971.90
Total Debt including interested accrued (II)	11,573.53
Asset Coverage ratio (I/II)	1.12

- **The Net Present Value is INR 45,115 crores as on 31 March 2024. The net present value of future projections are considered purely based on the total borrowings of INR 8305 crores (Tranche I) and INR 1700 crores (Tranche II). Refer Annexure 1 attached as a part of this certificate presenting the calculations of NPV and Future Projections.**

We have verified the arithmetical accuracy of the method's explained and adopted by the Management of APSBCL to arrive at the said valuation and we assume no responsibility other than that.

This report may not be distributed, published, reproduced or used, without our prior consent, for any purpose other than the objectives of this report. While the information provided herein is believed to be true and reliable to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.

This report shall at all times be read and interpreted in full, no part of it shall be read independently for any reason whatsoever.

For **P V K & Co.**

Chartered Accountants

Firm Registration Number: 139505W

UDIN: 24143422BKCWNWF3157

VINAY
KUMAR
LUHARUKA

Digitally signed by
VINAY KUMAR
LUHARUKA
Date: 2024.10.30
18:00:21 +05'30'

Vinay Luharuka

Partner

Membership no. 143422

Date: 30 October 2024

Place: Navi Mumbai

Annexure 1

The details related to calculation of Net Present Value is as follows:

Assumptions and Basis of NPV Calculation:

Discount Rate	10%
Factor of Safety	1.2
Effective Discount rate	12%
Net Present Value as on 31st March 2024 (I)	INR 45,115 Crores
Listed Debt Securities (including interest) (A)	INR 8,407.08 Crores
Unlisted Debt Securities (including interest) (B)	INR 3,166.45 Crores
Total Borrowings (including interest) (A+B) (II)	INR 11,573.53 Crores
Security Cover Asset	Deferred Revenue Expenditure
Deferred Revenue Expenditure	INR 11,482.95 Crores
Security Cover Ratio (I/II)	3.90

Notes:

- The net present value of future projections is considered purely based on the total borrowings of INR 11,573.54 crores

Future Projections and calculation of NPV:

Considered Values

- Average Special Margin Collections/day of Rs. 21.26 Crores
- For NPV calculation: (Effective Discount rate of 12%)
- Coupon on Bonds 9.62%



Annexure 2

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

CIN: U15400AP2015SGC097161

REGISTERED OFFICE:-

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

CORPORATE OFFICE:-

Prohibition & Excise Complex, 4th Floor,
S.No.88-2B, Poultry Farm Road, Prasadampadu,
VIJAYAWADA – 521108, Andhra Pradesh, INDIA.
E-mail : apsbclco2122@gmail.com

To,
Beacon Trusteeship Limited,
5W, 5th Floor, Metropolitan Building,
E Block, Bandra Kurla Complex (BKC),
Bandra (East), Mumbai 400 051

CC:
P V K & CO.
Chartered Accountants
603, 6th Floor, Platinum Techno Park,
Above Joyalukkas, Sector 30A,
Vashi Navi Mumbai

Reference: The issue of Rated, Listed, Secured, Redeemable, Taxable, Non-Convertible Bonds with an unconditional and irrevocable guarantee by the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such Debentures / Bond each having a face value of INR 10,00,000/- aggregating to INR 8305 crores (Tranche I) and INR 1700 crores (Tranche II) and Unlisted, Rated, Secured, Redeemable, Non-Convertible Debentures with an unconditional and irrevocable guarantee by the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such Debentures / Bond each having a face value of INR 1,00,000/- aggregating to INR 3143.82 crores (Tranche III) of Andhra Pradesh State Beverages Corporation Limited (APSBCL).

Subject: Declaration cum Undertaking regarding the estimation and valuation of cash flows derived from Special Margin.

Dear Sir,

The government of Andhra Pradesh wide its G.O. Ms 313 dated 09.11.2021, in order to ensure reduction in consumption of liquor, has decided to specify Special Margin rates as mentioned in the order.

APSBCL has issued various NCD's as under:

Sr No.	Issue Size (In Rs Crs)	Allotment Size (In Rs Crs)	Allotment Date	Reference G.O. Ms
1	12,000	8,305	14-June-2022	415 Dated 27-May-2022
2	3,695	1,700	21-Dec-2022	415 Dated 27-May-2022
3.	6,500*	3,143	31-Mar-2023	194 Dated 27-Apr-2023

Note: * - Unlisted NCD





ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

CIN: U15400AP2015SGC097161

REGISTERED OFFICE:-

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

CORPORATE OFFICE:-

Prohibition & Excise Complex, 4th Floor,
S.No.88-2B, Poultry Farm Road, Prasadampadu,
VIJAYAWADA – 521108, Andhra Pradesh, INDIA.
E-mail : apsbclco2122@gmail.com

The actual revenue collections from 12th November 2021 to 31st March 2024 have been certified by the independent CA and Managing Director of APSBCL and duly submitted to Beacon Trusteeship Limited as under.

Sr No.	Period from	Period to	Letter/Certificate Date	Issuing Authority
1	12-Nov-2021	19-May-2022	20-May-2022	Garlapati & Associates
2	20-May-2022	31-Oct-2022	15-Nov-2022	Garlapati & Associates
3	01-Nov-2022	31-Dec-2022	24-Feb-2023	Garlapati & Associates
4	01-Jan-2023	31-Mar-2023	23-Jun-2023	Garlapati & Associates
5	01-Apr-2023	30-Jun-2023	14-Aug-2023	Garlapati & Associates
6	01-Jul-2023	30-Sep-2023	04-Dec-2023	Garlapati & Associates
7	01-Oct-2023	31-Dec-2023	14-Mar-2024	Garlapati & Associates
8	01-Jan-2024	31-Mar-2024	23-Oct-2024	Garlapati & Associates

With reference to the issue, as part of security, we have offered a charge on Net Revenue Receipt Account, in which all revenue collections from the sale of the liquor will be collected. Special Margin is part of Net Revenue Receipts which is available for the company as a free cash flow after accounting for liquor supply costs, government duties and taxes as applicable. In order to arrive at the present value of the special margin receipts (present and Future) i.e. forming part of the security for the issue, below are the assumptions and data points that are considered for valuation.

1. Cash Flows:

- Base Reference Period: 12th November 2021 to 31st March 2024.
- Average Daily Special Margin Collection: Rs. 21.26 Cr
- For future projections, we have assumed the current daily average collection (ignoring the growth)

2. Discount Rates:

- Discount rate: 10%
- Factor of Safety: 1.2
- Effective Discount Rate: 12%

Request you to take the above on your record.

Thank You,

Yours Sincerely,

For Andhra Pradesh State Beverages Corporation Limited


Nishant Kumar, IAS
Managing Director(FAC)
DIN: 10732575



Date: 26.10.2024

Place: Vijayawada, Andhra Pradesh

NPV of Special Margin Cash flows

QTR	QTR Start Date	QTR End Date	Estimated Average Collection	XNPV (@Average)
Q4 FY2024		31-Mar-24		45,115
Q1 FY2025	01-Apr-24	30-Jun-24	1,935	44,418
Q2 FY2025	01-Jul-24	30-Sep-24	1,956	43,714
Q3 FY2025	01-Oct-24	31-Dec-24	1,956	42,968
Q4 FY2025	01-Jan-25	31-Mar-25	1,914	42,175
Q1 FY2026	01-Apr-25	30-Jun-25	1,935	41,415
Q2 FY2026	01-Jul-25	30-Sep-25	1,956	40,624
Q3 FY2026	01-Oct-25	31-Dec-25	1,956	39,788
Q4 FY2026	01-Jan-26	31-Mar-26	1,914	38,905
Q1 FY2027	01-Apr-26	30-Jun-26	1,935	38,051
Q2 FY2027	01-Jul-26	30-Sep-26	1,956	37,163
Q3 FY2027	01-Oct-26	31-Dec-26	1,956	36,227
Q4 FY2027	01-Jan-27	31-Mar-27	1,914	35,242
Q1 FY2028	01-Apr-27	30-Jun-27	1,935	34,284
Q2 FY2028	01-Jul-27	30-Sep-27	1,956	33,286
Q3 FY2028	01-Oct-27	31-Dec-27	1,956	32,238
Q4 FY2028	01-Jan-28	31-Mar-28	1,935	31,150
Q1 FY2029	01-Apr-28	30-Jun-28	1,935	30,052
Q2 FY2029	01-Jul-28	30-Sep-28	1,956	28,932
Q3 FY2029	01-Oct-28	31-Dec-28	1,956	27,758
Q4 FY2029	01-Jan-29	31-Mar-29	1,914	26,533
Q1 FY2030	01-Apr-29	30-Jun-29	1,935	25,325
Q2 FY2030	01-Jul-29	30-Sep-29	1,956	24,068
Q3 FY2030	01-Oct-29	31-Dec-29	1,956	22,753
Q4 FY2030	01-Jan-30	31-Mar-30	1,914	21,386
Q1 FY2031	01-Apr-30	30-Jun-30	1,935	20,031
Q2 FY2031	01-Jul-30	30-Sep-30	1,956	18,620
Q3 FY2031	01-Oct-30	31-Dec-30	1,956	17,147
Q4 FY2031	01-Jan-31	31-Mar-31	1,914	15,622
Q1 FY2032	01-Apr-31	30-Jun-31	1,935	14,101
Q2 FY2032	01-Jul-31	30-Sep-31	1,956	12,519
Q3 FY2032	01-Oct-31	31-Dec-31	1,956	10,869
Q4 FY2032	01-Jan-32	31-Mar-32	1,935	9,168
Q1 FY2033	01-Apr-32	30-Jun-32	1,935	7,441
Q2 FY2033	01-Jul-32	30-Sep-32	1,956	5,665
Q3 FY2033	01-Oct-32	31-Dec-32	1,956	3,817
Q4 FY2033	01-Jan-33	31-Mar-33	1,914	1,914



**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Prohibition & Excise Department – Government's avowed policy of reducing consumption levels of alcohol in the State – VAT on liquor rationalised – Keeping MRPs of liquor intact in tune with the Government policy of reduction in consumption of liquor – Orders - Issued.

REVENUE(EXCISE)DEPARTMENT

G.O.Ms.No. 313

**Dated: 09.11.2021
Read the following:**

1. G.O.Ms.No.312, Revenue (CT-II) Department, Dated:09.11.2021.
2. E-office file No REV04-24026(32)/10/2021-AM2-APSBCL received from the MD, APSBCL.

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ORDER:

The Government of Andhra Pradesh, by an avowed policy, is committed to reduction in the levels of alcohol consumption in the state, with a view to improve the physical quality of life of its people.

2. Several proactive steps have been taken by the Government in this direction. Notable among them are removal of 43,000 Belt shops spread across various villages throughout the State, dispensing with the Permit Rooms, reduction in the business hours, reduction in the maximum possession limit of intoxicants which a person can possess without license or permit, etc. Further, in order to ensure that there remain no belt shops in any village, the Government removed private people from operating liquor shops.

3. Further, the Government have reduced the retail outlets from (4380) to (2934) i.e., by about 33% to reduce access to availability of liquor and granted exclusive privilege to APSBCL to run these retail outlets in public interest. Furthermore, the Government issued orders to reduce bars by 40% from (840) to (530) which is subjudice.

4. In order to create awareness among the public on the evils of consumption of liquor/intoxicants, the Madya Vimochana Prachara Committee was constituted and awareness programmes are being conducted all over the State.

5. Furthermore, the Government have levied Additional Retail Excise Tax on liquor with a view to reduce consumption of liquor in the State as also keeping in view the objectives of preventing cross-border smuggling of liquor into the State rationalised the same to discourage the people from consumption of liquor in order to ensure a healthy society.

6. In the reference 1st read above, the Government have rationalised VAT on liquor for human consumption to bring about parity in the levy of VAT on liquor with the neighbouring States. It is noted that consequent on the rationalisation, there is an imperative need to ensure that it shall not run contrary to the objectives of the avowed policy of the Government of reducing consumption of liquor. In the reference 2nd read above, the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited has submitted a proposal wherein he has proposed that keeping in view the avowed policy of the

P.T.O.

Government of reducing consumption levels of alcohol in the State, Special Margin may be specified on liquor to keep the existing MRPs of liquor unchanged.

7. The Government after careful consideration of the matter have decided to keep the existing MRPs of liquor unchanged by specifying Special Margin on alcoholic beverages.

8. Therefore, in exercise of the powers conferred by section 4-A of the Andhra Pradesh (Regulation of trade in Indian made Foreign Liquor, Foreign Liquor) Act, 1993, the Government in order to ensure that there is reduction in the consumption of liquor, has decided to specify Special Margin at the rates as detailed in the Annexure annexed to this order to be collected from the holders of licences issued under the Andhra Pradesh Excise (Grant of licence of selling by Shop and conditions of licence) Rules, 2019, the Andhra Pradesh Excise (Grant of licence of selling by Bar and conditions of licence) Rules, 2017 and the Andhra Pradesh Excise (Grant of licence of selling by In-house and conditions of licence) Rules, 2005. This would help in effective sustenance of the policy in view of the avowed objectives.

9. These orders shall come into force w.e.f. 10.11.2021.

10. This has got the approval of the Finance Department vide their U.O. Note No.FMUOASD(Revenue)/160/2021, dated:05.11.2021.

11. The Commissioner of Proh. & Excise and the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited, shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT**

To

The Commissioner of Prohibition and Excise, Andhra Pradesh, Vijayawada.
The Commissioner of Distilleries and Breweries & Managing Director,
A.P. State Beverages Corporation Limited, Andhra Pradesh, Vijayawada.
The Chief Commissioner of State Tax, Andhra Pradesh, Vijayawada.

Copy to:

PS to Prl. Secy to Hon'ble CM.
PS to Dy-CM, Revenue (Excise) Dept.
PS to Hon'ble Minister for Finance Dept.
PS to SPL. CS to Govt., Revenue(CT, Excise and R&S) Dept.
SC/SF

//FORWARDED::BY ORDER//

H. S. S. S.
SECTION OFFICER

ANNEXURE

(i)	Description	Point of levy	Rate of Special Margin
	Indian Made Foreign Liquor (other than Beer, Wine and Ready to drink varieties) bottled and/or packed in India as per the provisions of Andhra Pradesh Excise Act, 1968, but excluding Toddy and Arrack	On the Landed cost (Basic Price + Excise Duty)	
	Basic price (per case):		
	(a) Up to Rs.400/-		90%
	(b) Above Rs.400/- up to Rs.2,500/-		130%
	(c) Above Rs.2,500/- up to Rs.3,500/-		105%
	(d) Above Rs.3,500 /- up to Rs.5,000/-		90%
	(e) Above Rs.5,000/-		85%

(ii)	Description	Point of levy	Rate of Special Margin
	Beer bottled and/or packed in India as per the provisions of the Andhra Pradesh Excise Act, 1968	On the Landed cost (Basic Price + Excise Duty)	
	Basic price per case:		
	(a) Rs.200 and below		100%
	(b) Above Rs.200		115%

(iii)	Description	Point of levy	Rate of Special Margin
	(a) Wines	On the Landed cost (Basic Price + Excise Duty)	65%
	(b) Ready to drink varieties (RTD)		100%

Sd/-
Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

CIN: U15400AP2015SGC097161

REGISTERED OFFICE:-

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

CORPORATE OFFICE:-

Prohibition & Excise Complex, 4th Floor,
S.No.88-2B, Poultry Farm Road, Prasadampadu,
VIJAYAWADA – 521108, Andhra Pradesh, INDIA.
E-mail : apsbclco2122@gmail.com

Date: 26.10.2024

To

M/s. Beacon Trusteeship Limited
Mumbai 400 051

Sub: Certification of day-wise Sales apportionment from 01.01.2024 to 31.03.2024 - reg

It is submitted that the day-wise sales apportionment from 01.01.2024 to 31.03.2024 duly certified by Chartered Accountant is correct. We are enclosing Chartered Accountant certificate for your reference.

Yours faithfully,

For Andhra Pradesh State Beverages Corporation Limited


Nishant Kumar, IAS
Managing Director (FAC)
DIN: 10732575





Garlapati & Associates

VSNK Ramanjeneyulu.G

Jan'24 Date	Sale Value (In Crs.)	Special Margin (In Crs.)	Normal Margin	Cost of Goods Or Basic Price	Other revenue (including Commision)	Government Duties & Taxes
1st	87.29	22.30	2.73	13.41	0.65	48.20
2nd	77.82	19.84	2.13	11.90	0.59	43.36
3rd	74.62	19.00	2.10	11.40	0.58	41.52
4th	75.78	19.45	2.10	11.53	0.58	42.12
5th	73.48	18.87	2.11	11.16	0.58	40.76
6th	84.74	21.71	2.25	12.97	0.65	47.17
7th	87.04	22.39	2.84	13.26	0.73	47.81
8th	84.30	21.69	2.18	12.80	0.69	46.94
9th	85.92	21.58	2.26	13.35	0.70	48.03
10th	88.56	22.49	2.29	13.69	0.72	49.36
11th	87.53	22.36	2.31	13.44	0.72	48.70
12th	93.06	23.81	2.41	14.31	0.75	51.78
13th	107.15	27.54	2.98	16.48	0.86	59.29
14th	136.79	35.08	4.07	21.27	1.10	75.27
15th	124.09	31.84	4.05	19.31	1.07	67.83
16th	127.43	32.61	4.11	19.97	1.23	69.51
17th	114.53	29.37	2.95	17.80	1.07	63.33
18th	97.57	24.99	2.55	15.12	0.91	54.01
19th	86.45	22.20	2.30	13.37	0.79	47.79
20th	88.83	22.83	2.30	13.69	0.80	49.21
21st	90.22	23.18	2.95	13.83	0.90	49.37
22nd	82.20	21.14	2.13	12.61	0.76	45.56
23rd	88.73	22.79	2.28	13.69	0.81	49.17
24th	86.08	22.13	2.38	13.20	0.77	47.61
25th	114.92	29.58	3.17	17.56	0.98	63.64
26th	0.00	0.00	0.00	0.00	0.00	0.00
27th	89.89	23.13	2.47	13.80	0.83	49.65
28th	88.66	22.78	2.90	13.59	0.91	48.48
29th	89.45	23.07	2.15	13.82	0.82	49.59
30th	82.69	21.31	2.16	12.78	0.79	45.66
31st	89.03	22.90	2.22	13.72	0.82	49.38
Total	2784.87	713.96	77.82	428.84	24.16	1540.09

The above values were provided based on the data provided by the management and at specific request

Place : Vijayawada

Date : 23-10-2024

For Garlapati & Associates

CA GVSNK Ramanjeneyulu
M no : 227122



1-3/24-36D, ARAVINDA ST, VIDHYADHARAPURAM, VIJAYAWADA – 520012 – (AP)

Mobile : 9247296335, E-mail : anjeneyulu.garlapati@gmail.com



Garlapati & Associates

VSNK Ramanjeneyulu.G

Feb'24 Date	Sale Value (In Crs.)	Special Margin (In Crs.)	Normal Margin	Cost of Goods Or Basic Price	Other revenue to (including Commision)	Government Duties & Taxes
1st	86.35	22.21	2.38	13.22	0.79	47.75
2nd	82.66	21.28	2.29	12.66	0.74	45.70
3rd	88.23	22.68	2.33	13.58	0.79	48.85
4th	92.53	23.79	3.02	14.20	0.92	50.60
5th	86.55	22.28	2.22	13.25	0.78	48.02
6th	86.39	22.21	2.27	13.30	0.77	47.83
7th	80.77	20.77	2.23	12.41	0.72	44.63
8th	82.64	21.25	2.19	12.69	0.72	45.77
9th	81.68	21.00	2.15	12.56	0.70	45.26
10th	80.19	20.61	2.26	12.31	0.71	44.29
11th	90.91	23.36	2.97	13.98	0.87	49.73
12th	85.61	21.99	2.20	13.18	0.75	47.49
13th	82.24	21.14	2.25	12.64	0.74	45.47
14th	80.65	20.73	2.26	12.39	0.73	44.53
15th	77.99	20.03	2.16	11.97	0.70	43.13
16th	68.94	17.73	2.05	10.55	0.66	37.94
17th	88.59	22.72	2.19	13.69	0.79	49.20
18th	86.53	22.23	2.83	13.28	0.88	47.30
19th	81.08	20.84	2.12	12.43	0.75	44.95
20th	82.10	21.11	2.17	12.65	0.76	45.41
21st	79.74	20.49	2.17	12.26	0.74	44.09
22nd	80.79	20.74	2.19	12.40	0.75	44.71
23rd	77.90	20.04	2.11	11.96	0.73	43.06
24th	77.97	20.04	2.17	11.97	0.72	43.07
25th	85.95	22.10	2.81	13.18	0.87	46.99
26th	86.71	22.31	2.11	13.29	0.78	48.22
27th	81.48	20.97	2.16	12.53	0.77	45.04
28th	84.11	21.64	2.17	12.96	0.76	46.59
29th	87.38	22.48	2.25	13.40	0.77	48.49
Total	2414.65	620.78	66.72	370.90	22.13	1334.12

The above values were provided based on the data provided by the management and at specific request

Place : Vijayawada

Date : 23-10-2024

For Garlapati & Associates

CA GVSNK Ramanjeneyulu

M no : 227122



1-3/24-36D, ARAVINDA ST, VIDHYADHARAPURAM, VIJAYAWADA – 520012 – (AP)

Mobile : 9247296335, E-mail : anjeneyulu.garlapati@gmail.com



Garlapati & Associates

VSNK Ramanjeneyulu.G

MARCH '24-Date	Sale Value (In Crs.)	Special Margin (In Crs.)	Normal Margin	Cost of Goods Or Basic Price	Other revenue (including Commision)	Government Duties & Taxes
1st	84.25	21.63	2.38	12.94	0.76	46.55
2nd	87.54	22.39	2.39	13.51	0.77	48.47
3rd	90.63	23.29	2.96	13.93	0.88	49.56
4th	88.28	22.59	2.21	13.59	0.77	49.12
5th	82.65	21.20	2.22	12.73	0.74	45.76
6th	81.44	20.87	2.19	12.50	0.75	45.13
7th	91.85	23.56	2.35	14.14	0.79	51.01
8th	76.86	19.76	2.42	11.79	0.71	42.17
9th	84.75	21.65	2.35	13.09	0.76	46.88
10th	87.12	22.37	2.84	13.43	0.87	47.61
11th	96.50	24.76	2.17	14.84	0.84	53.90
12th	90.61	23.23	2.22	13.93	0.82	50.40
13th	86.50	22.21	2.25	13.25	0.76	48.04
14th	90.14	23.13	2.18	13.84	0.76	50.22
15th	90.21	23.14	2.19	13.87	0.77	50.24
16th	100.27	25.70	2.28	15.41	0.85	56.03
17th	88.80	22.78	2.90	13.71	0.90	48.51
18th	78.24	20.11	2.13	11.99	0.74	43.26
19th	76.56	19.66	2.19	11.75	0.76	42.20
20th	75.47	19.39	2.19	11.56	0.74	41.59
21st	73.40	18.87	2.16	11.23	0.72	40.42
22nd	72.59	18.60	2.10	11.17	0.72	40.00
23rd	75.47	19.37	2.16	11.61	0.76	41.57
24th	87.68	22.48	2.86	13.55	0.96	47.82
25th	70.52	18.13	2.31	10.78	0.78	38.53
26th	84.33	21.58	2.23	13.07	0.87	46.58
27th	78.86	20.18	2.20	12.21	0.82	43.45
28th	80.40	20.56	2.22	12.50	0.83	44.28
29th	70.85	18.04	2.13	10.04	0.75	39.89
30th	86.65	22.17	2.17	13.55	0.88	47.88
31st	86.68	22.20	2.82	13.42	1.04	47.19
Total	2596.09	665.62	72.41	398.93	24.86	1434.27

The above values were provided based on the data provided by the management and at specific request

Place : Vijayawada

Date : 23-10-2024

For Garlapati & Associates

CA GVSNK Ramanjeneyulu

M no : 227122



1-3/24-36D, ARAVINDA ST, VIDHYADHARAPURAM, VIJAYAWADA – 520012 – (AP)

Mobile : 9247296335, E-mail : anjeneyulu.garlapati@gmail.com

T. P. Ostwal & Associates LLP

CHARTERED ACCOUNTANTS

Suite#1306-1307, 13th Floor, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Mumbai 400 013

☎ +91 22 49454000 (Board) ☎ Fax: +91 22 49454010

Web: <http://www.tpostwal.in>, E-mail: itax@tpostwal.in

27th May 2022

Ref No: TPA/OP/2022-23/03

Kind Attention: Mr. Vasudeva Reddy (M.D. Andhra Pradesh State Beverages Corporation Limited)

Subject: Accounting aspect w.r.t the opinion given on exemption u/s 10(26B) of the Income Tax Act, 1961

Facts:

Andhra Pradesh State Government has many State-owned entities that have independent cash accruals and consequently good creditworthiness. It is now proposed that the State Government will take steps to strengthen the corporations further by enabling them to earn higher profits. The objective of the State Government is that, those corporations would subsequently utilize those profits for the purpose of the objectives of the Corporations.

Andhra Pradesh State Beverages Corporation Limited ("APSBCL" or "the Company"), a Company incorporated under the Companies Act, 2013 and a 100% State Government owned entity is currently managing all the retail liquor business in the State. Given the nature of its business, it would be appropriate if the Corporation could have as its objects the implementation of socio-economic projects through the proceeds from its main business of operating liquor shops. The entity which is regarded as one promoting liquor consumption would be undertaking compensatory measures by also promoting the interests of the persons belonging to downtrodden sections. Therefore, the entity which is currently marketing sin goods, will ensure that its profits would exclusively be utilized for the welfare of members belonging to SCs, STs and BCs. Currently APSBCL has only meagre profits. However, with the model in mind, it is proposed that the State Government take steps to enable APSBCL to earn more revenues.

The primary objects of the APSBCL as per its memorandum of association are as follows:

To carry on the business as manufacturer, purchaser, producer, processor, grower, fermentator, distiller, refiner, maker, inventor, convertor, importer, exporter, indenter, bottler, trader, buyer, seller, retailer, wholesale supplier, packer, mover, preserver, stockiest, representative or agent, sub-agent, commission agent, more particularly as an agent on commission to handle such activity or activities on behalf of the Government of Andhra Pradesh in connection with the Government's wholesale and retail trade in alcohol, merchant, distributor, consignor, jobber, broker, trustees, attorneys, concessionaire or otherwise to deal in all kinds of alcohol and all other beverages and mineral waters suitable for human consumption.

To carry on the business as manufacturer, purchaser, producer, processor, grower, fermentator, distiller, refiner, maker. Inventor, convertor, importer, exporter, indenter, bottler, trader, buyer, seller, retailer, wholesale supplier, packer, mover. Preserver, stockiest, representative or agent, sub-agent, commission agent, more particularly as an agent for the Government of Andhra Pradesh in connection with the Government's wholesale and retail trade in alcohol, merchant, distributor, consignor, jobber, broker, trustees, attorneys, concessionaire or otherwise to deal in rectified spirits, all kinds of alcohol and other spirits suitable for industrial use.

Clause 3 has been inserted in the Main Objects clause of the Company, with effect from 9 September 2021 as under:

"3. To utilise its income exclusively to promote the interests of the members of scheduled castes, scheduled tribes and backward classes in the state of Andhra Pradesh by implementation of various welfare schemes entrusted to the Corporation under the Act, i.e. the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor Act 1993."

"AN ORDINANCE FURTHER TO AMEND THE ANDHRA PRADESH REGULATION OF TRADE IN INDIAN MADE FOREIGN LIQUOR, FOREIGN LIQUOR) ACT, 1993.

Whereas, the Andhra Pradesh State Beverages Corporation Limited is a Government company registered under the provisions of the Companies Act, 2013 and bearing CIN U15400AP2015SGC097161 in the year 2015 which is now conferred the exclusive privilege of selling by whole sale and by Shop for the whole of Andhra Pradesh under sections 4(1) and 6(1) of the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993 vide Act No. 23 of 2019;

And Whereas, by the Act No.31 of 2021, the Andhra Pradesh State Beverages Corporation Limited has been conferred upon the statutory status to implement welfare programmes to benefit the members of scheduled castes, scheduled tribes and backward classes, as a part of its main objects, as detailed in Chapter-II of the A.P. (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993 and is mandated to utilize its income exclusively to promote the interests of the members of scheduled castes, scheduled tribes and backward classes in the State of Andhra Pradesh by implementation of various welfare schemes entrusted to the Corporation under this Act;

And whereas, to achieve the above object in view, it is decided to amend the A.P. (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993 to bring out the proposed changes. Further, since, orders specifying the Special Margin have been issued vide G.O.Ms.No.313 Revenue (Excise) Dept, dt.09.11.2021, it is decided to amend the said Act retrospectively w.e.f. 9th November, 2021;

And whereas, the Legislature of the State of Andhra Pradesh is not now in session and the Governor of Andhra Pradesh is satisfied that circumstances exist which render it necessary for him to take immediate action;

Now, therefore, in exercise of the powers conferred by clause (1) of Article 213 of the Constitution of India, the Governor of Andhra Pradesh hereby promulgates the following Ordinance:-

1. (1) This Ordinance may be called the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) (Amendment) Ordinance, 2022. '

(2) It shall be deemed to have come into force with effect on and from the 9th November, 2021.

2. In the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993, (hereinafter referred to as principal Act), in section 2, after sub-section (2), the following shall be inserted, namely,-

“(2-A) ‘Levy’ means, Levy shall include Privilege Fee, and any other Levy by whatever name called, but shall not include Margin (Trade Margin, Special Margin or by whatever name called).”.

3. In the Principal Act, in section 4-A, (i) section 4-A shall be renumbered as section 4-A(I), and the words “trade margin” shall be omitted.

(ii) after re-numbered as 4-A(I), the following sub section shall be added, namely,-

“(2) It shall be competent for the Government to prescribe the rates of trade margin or special margin which shall be collected by the Corporation during the course of its business of sale of liquor to retail consumers and other licensees. The amounts so collected shall be the income of the Corporation.”.

4. In the principal Act, in section 4-B, for the expression “4-A”, the expression “4-A(I)” shall be substituted.

The Company will incur substantial amounts towards implementation of socio-economic projects for the benefit of the members of scheduled castes, scheduled tribes and backward classes in the state of Andhra Pradesh. These welfare schemes entrusted to the Corporation under welfare schemes entrusted to the Corporation under the Act, i.e. the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor Act) 1993. The projects expenses would be capital and revenue in nature and could have enduring benefit over a period of time to the beneficiary. The Company could consider borrowing money from financial institutions to fund such project expenses.

Further, we have been provided with the draft guarantee deed proposed amongst the parties, The Government of Andhra Pradesh, APSBCL (“the Company”) and the Debenture trustee. An extract from the deed, conveying the proposed undertakings by the Government of Andhra Pradesh is as follows

The Guarantor (Government of Andhra Pradesh) hereby unconditionally and irrevocably undertakes from the date of this Agreement and until the Final Settlement Date that:

- (a) it shall not amend/alter/modify or discontinue the existing distribution policy of alcoholic beverages in the State of Andhra Pradesh or impose total / partial prohibition on alcoholic beverages in any part of the State of Andhra Pradesh;
- (b) it shall not withdraw the [Net Revenue] from the Net Revenue Receipt Account or change the pricing policy of alcoholic beverages in any manner that would adversely impact the [Special Margin] to a level that Issuer is not able to maintain a Debt Service Coverage Ratio on its aggregate borrowing at a level of 1.5 times on a sustained basis;

- (c) it shall maintain 100% (one hundred percent) shareholding in the Issuer and shall continue to have Control over the Issuer
- (d) It shall retain the Issuer as the sole distributor of alcoholic beverages in the State of Andhra Pradesh and the Net Revenue shall continue to accrue to the Issuer;

We are given to understand that based on the draft guarantee deed, the Government of Andhra Pradesh has permitted the Company to operate the entire retail supply business in the State of Andhra Pradesh and has also enabled the company to recover from the consumers, a special margin. The special margin is interconnected to the Company spending money on socio-economic activity for the benefit of the members of scheduled castes, scheduled tribes and backward classes in the State. There may be significant expenditure on the socio-economic activity and hence the Company may consider borrowings to fund such expenses. The repayment of such borrowing along with interest thereon would be made from revenue generated from the special margin on sale of liquor as referred to in the draft agreement.

Given the above factual backdrop, we have examined the questions raised and given our point of view, as follows:

Question 1: Since the projects will have enduring benefits for the beneficiaries and the expenditure could be significant the Company may have to borrow funds. Can the Company consider the revenue expenses incurred including interest on borrowings for projects related to implementation of socio-economic projects for the benefit of the members of scheduled castes, scheduled tribes and backward classes in the state of Andhra Pradesh as deferred revenue expenditure or intangible asset and amortised over a time period?

Guidance Note on Terms Used in Financial Statements issued by the Institute of Chartered Accountants of India defines **Deferred revenue expenditure** refers to expenditure for which payment has been made or a liability incurred but which is carried forward on the presumption that it will be of benefit over a subsequent period or periods.

Example: Suppose a company is introducing a new product to the market and decides to spend a large amount on its advertising in the current accounting period. This marketing spend is supposed to draw benefits beyond the current accounting period in terms of enhanced sales over years and accordingly advertisement expenditure may be considered as deferred revenue expenditure.

Conclusion:

In view of the definition given in the Guidance Note on Terms Used in Financial Statements issued by the Institute of Chartered Accountants of India, the Company could gather evidence to demonstrate that such expenditure on socio-economic activity would result in continuation of the contract with the Government of Andhra Pradesh to recover special margin and this would result in future benefits to the Company i.e. it has control over the revenue generation. We are given to understand that the Government of Andhra Pradesh proposes to undertake as part of the draft guarantee deed that it shall not withdraw the right given to the Company to recover certain special margin thereby ensuring that the debt service coverage ratio does not fall below 1.5 times. The Company could measure the elements/components of costs

incurred for various projects related to socio-economic activity carried out during the year and identify such costs and track the benefits derived over a period. *Since both conditions could be addressed the Company can consider and recognise such expense as **deferred revenue expenditure**. The Company can ascertain a life based on the revenue estimates and the continuation of the contract with the Government of Andhra Pradesh and accordingly amortise such expenditure.*

Question 2: Since the projects will have enduring benefits for the beneficiaries and the expenditure could be significant the Company may have to borrow funds. The repayment of such borrowings along with interest will be serviced from the revenue earned in the subsequent years from the contract entered into with the Government of Andhra Pradesh. Can the interest on borrowings be amortised over the tenure of the loan/contract with the Government of Andhra Pradesh?

Conclusion:

If the Company is able to identify the expenditure and link the borrowings to the expenditure on socio-economic activity, it could consider and amortize such interest as well over the tenure of the loan/contract with the Government of Andhra Pradesh.

Trust the above clarifies your question. Should you require any further clarification or have further questions, feel free to contact us.

Yours faithfully,

For T. P. Ostwal & Associates LLP
Chartered Accountants


T.P. Ostwal

Partner

Membership No.:030848



Disclaimer:

Our opinion / views expressed herein above are based on the provisions of law as prevailing on the date of this opinion and are based on our understanding of the facts of the case, the applicable provisions of Income-tax Act, 1961 and the rules issued thereunder. Any subsequent change in law may have implications on our opinion expressed herein and may necessitate a review. We are not obliged to carry out such review unless requested to do so as per our applicable terms of engagement.

This information and TP Ostwal & Associates LLP ("TPOA") services (collectively, "Information") are confidential and access, use and distribution are restricted. If you are not TPOA's client or otherwise authorised by TPOA and its client, you may not access for use the information.

TPOA performed and prepared the information at the direction of Andhra Pradesh State Beverages Corporation Limited ("APSBCL" or "the Company" or "the Client") and exclusively for the Client's sole use and benefit as per the Client's request. The Information may not be relied upon by any person or entity other than TPOA's Client. TPOA makes no representations or warranties regarding the information and expressly disclaims any contractual or other duty, responsibility or liability to any person or entity other than its client.

TPOA's analysis does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of any type, an accounting opinion, or other attestation or review service in accordance with standards established by the Institute of Chartered Accountants of India or any other professional governing body. Accordingly, TPOA provides no opinion or any other form of assurance with respect to the Information. The Client in constant consultation with its independent auditors, is responsible for the presentation and preparation of its financial statements and related disclosures.

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The Information was not intended or written to be used, and it may not be used, for the purpose of avoiding any tax penalties, or supporting the promotion or marketing of any transactions or matters addressed in the Information.

The determination of whether or not a particular transaction structure should be implemented is the sole responsibility of the Client's management. The accounting for the transaction as per the applicable reporting GAAP is the responsibility of the management of the Client. We make no representation regarding the sufficiency of our work either for purposes for which this analysis has been requested or for any other purposes. The sufficiency of work we performed is solely the responsibility of the Client, as are many decisions with respect to the proposed transaction/accounting treatment. If the Client's management intends to use our work as an important factor considering considered in reaching a decision on the application of accounting principles to a specific transaction, you will provide promptly inform us of such fact, which may require us to perform additional work, which may include discussions with your independent auditors.

Annexure 3

GOVERNMENT OF ANDHRA PRADESH ABSTRACT

Prohibition & Excise Department – Government's avowed policy of reducing consumption levels of alcohol in the State – VAT on liquor rationalised – Keeping MRPs of liquor intact in tune with the Government policy of reduction in consumption of liquor – Orders - Issued.

REVENUE(EXCISE)DEPARTMENT

G.O.Ms.No. 313

Dated: 09.11.2021
Read the following:

1. G.O.Ms.No.312, Revenue (CT-II) Department, Dated:09.11.2021.
2. E-office file No REV04-24026(32)/10/2021-AM2-APSBCL received from the MD, APSBCL.

@@@@

ORDER:

The Government of Andhra Pradesh, by an avowed policy, is committed to reduction in the levels of alcohol consumption in the state, with a view to improve the physical quality of life of its people.

2. Several proactive steps have been taken by the Government in this direction. Notable among them are removal of 43,000 Belt shops spread across various villages throughout the State, dispensing with the Permit Rooms, reduction in the business hours, reduction in the maximum possession limit of intoxicants which a person can possess without license or permit, etc. Further, in order to ensure that there remain no belt shops in any village, the Government removed private people from operating liquor shops.

3. Further, the Government have reduced the retail outlets from (4380) to (2934) i.e., by about 33% to reduce access to availability of liquor and granted exclusive privilege to APSBCL to run these retail outlets in public interest. Furthermore, the Government issued orders to reduce bars by 40% from (840) to (530) which is subjudice.

4. In order to create awareness among the public on the evils of consumption of liquor/intoxicants, the Madya Vimochana Prachara Committee was constituted and awareness programmes are being conducted all over the State.

5. Furthermore, the Government have levied Additional Retail Excise Tax on liquor with a view to reduce consumption of liquor in the State as also keeping in view the objectives of preventing cross-border smuggling of liquor into the State rationalised the same to discourage the people from consumption of liquor in order to ensure a healthy society.

6. In the reference 1st read above, the Government have rationalised VAT on liquor for human consumption to bring about parity in the levy of VAT on liquor with the neighbouring States. It is noted that consequent on the rationalisation, there is an imperative need to ensure that it shall not run contrary to the objectives of the avowed policy of the Government of reducing consumption of liquor. In the reference 2nd read above, the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited has submitted a proposal wherein he has proposed that keeping in view the avowed policy of the

P.T.O.

Government of reducing consumption levels of alcohol in the State, Special Margin may be specified on liquor to keep the existing MRPs of liquor unchanged.

7. The Government after careful consideration of the matter have decided to keep the existing MRPs of liquor unchanged by specifying Special Margin on alcoholic beverages.

8. Therefore, in exercise of the powers conferred by section 4-A of the Andhra Pradesh (Regulation of trade in Indian made Foreign Liquor, Foreign Liquor) Act, 1993, the Government in order to ensure that there is reduction in the consumption of liquor, has decided to specify Special Margin at the rates as detailed in the Annexure annexed to this order to be collected from the holders of licences issued under the Andhra Pradesh Excise (Grant of licence of selling by Shop and conditions of licence) Rules, 2019, the Andhra Pradesh Excise (Grant of licence of selling by Bar and conditions of licence) Rules, 2017 and the Andhra Pradesh Excise (Grant of licence of selling by In-house and conditions of licence) Rules, 2005. This would help in effective sustenance of the policy in view of the avowed objectives.

9. These orders shall come into force w.e.f. 10.11.2021.

10. This has got the approval of the Finance Department vide their U.O. Note No.FMUOASD(Revenue)/160/2021, dated:05.11.2021.

11. The Commissioner of Proh. & Excise and the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited, shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT**

To

The Commissioner of Prohibition and Excise, Andhra Pradesh, Vijayawada.

The Commissioner of Distilleries and Breweries & Managing Director,

A.P. State Beverages Corporation Limited, Andhra Pradesh, Vijayawada.

The Chief Commissioner of State Tax, Andhra Pradesh, Vijayawada.

Copy to:

PS to Prl. Secy to Hon'ble CM.

PS to Dy-CM, Revenue (Excise) Dept.

PS to Hon'ble Minister for Finance Dept.

PS to SPL. CS to Govt., Revenue(CT, Excise and R&S) Dept.

SC/SF

//FORWARDED::BY ORDER//

H. S. S. S.
SECTION OFFICER

ANNEXURE

(i)	Description	Point of levy	Rate of Special Margin
	Indian Made Foreign Liquor (other than Beer, Wine and Ready to drink varieties) bottled and/or packed in India as per the provisions of Andhra Pradesh Excise Act, 1968, but excluding Toddy and Arrack	On the Landed cost (Basic Price + Excise Duty)	
	Basic price (per case):		
	(a) Up to Rs.400/-		90%
	(b) Above Rs.400/- up to Rs.2,500/-		130%
	(c) Above Rs.2,500/- up to Rs.3,500/-		105%
	(d) Above Rs.3,500 /- up to Rs.5,000/-		90%
	(e) Above Rs.5,000/-		85%

(ii)	Description	Point of levy	Rate of Special Margin
	Beer bottled and/or packed in India as per the provisions of the Andhra Pradesh Excise Act, 1968	On the Landed cost (Basic Price + Excise Duty)	
	Basic price per case:		
	(a) Rs.200 and below		100%
	(b) Above Rs.200		115%

(iii)	Description	Point of levy	Rate of Special Margin
	(a) Wines	On the Landed cost (Basic Price + Excise Duty)	65%
	(b) Ready to drink varieties (RTD)		100%

Sd/-
Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT

Annexure 4

GOVERNMENT OF ANDHRA PRADESH ABSTRACT

Prohibition & Excise Department - Apportionment of revenue realised from sale of IMFL, FL and Beer through A.P. State Beverages Corporation Limited (APSBCL) Outlets / Bars & In-house licences, Remittance of Excise Duty and Discounting mechanism for early payments – Special Margin prescribed as income for APSBCL - Remittance procedure - Revised orders - Issued.

=====

REVENUE (EXCISE) DEPARTMENT

G.O.Ms.No. 414

**Dated: 27.05.2022.
Read the following:-**

1. G.O.Ms.No.394 Revenue (Excise-II) Dept. dated 21.10.2015
2. Govt. Memo No.31022/1/2018.Exc.II Dt.02.06.2018.
3. G.O.Ms.No.100 Revenue (Excise-II) Dept. dated 31.03.2020.
4. G.O.Ms.No.273 Revenue (Excise) Dept. dated 18.09.2020.
5. From the Commissioner of Distilleries & Breweries and the M.D., APSBCL, Vijayawada, Lr.No.APSBCL/F&A/Bank Loan/2019-2020 Dt.01.10.2020.
6. G.O.Ms.No.294, Revenue (Excise) Dept. dated 01.10.2020, r/w GO Ms.No.62, Rev (Excise) Dept, dated 09.03.2021.
7. GO Ms No .313 Revenue (Excise) Department Dt:09-11-2021.
8. Act No.9/2022, dated 26.04.2022.
9. From the CDB&MD, APSBCL e-office File No: REV04-24026/16/ 2022-MNGR-FA-APSBCL, file Computer No: 1736213.

* * * *

ORDER:-

The Government has taken continuous steps to streamline the process of revenue collection and remittances in order to make revenue collections/remittance significantly simpler, transparent and accountable.

2. The Government have reviewed the present system of collection and remittance in the Prohibition and Excise Department and to improve the systemic efficiency, the following orders are issued in respect of A.P. State Beverages Corporation Limited (APSBCL) Outlets/ Bars & In-house Licences. Further, the Government has prescribed Special Margin as income to the A.P. State Beverages Corporation Limited in the reference 2nd read above as per the provisions of A.P. (Regulations of Trade in IMFL, FL) (Amendment) Act, 2022 vide reference 3rd read above. In supersession of the orders issued in the reference 1st read above, the Government hereby issue the following orders.

APSBCL OUTLETS:

a. The daily sale value realised in each of the APSBCL outlet shall be apportioned at day closure by the shop supervisor utilising APSBCL Software among the following components as per the norms stipulated in the references read above:

P.T.O

Sl. No.	Component
1	Excise Duty (ED)/Countervailing Duty
2	Value Added Tax (VAT)
3	Additional Excise Duty (AED)
4	Retail Excise Tax (RET) – 4% of Issue Price
5	Additional Retail Excise Tax (ARET)
6	Assessment Fee
7	Transfer to APSBCL Bank Account held with Bank of Baroda bearing Account No. 26360200007893 INR and titled as "A.P. State Beverages Corporation Limited Net Revenue Receipt Account" the components of Basic Price + Rounding off MRP (Addl. Privilege fee) + Rounding off of Issue Price (Spl. Privilege fee) + APSBCL Margin (6% of issue price) + APSBCL wholesale trade margin + Special Margin as referred to in G.O.Ms.No.313, Revenue (Excise) Department dated:09.11.2021 (collectively referred to as "Net Revenue").

b. The daily sale value shall be remitted by the shop supervisor on the next working day through the tagged SBI Bank branch by way of challan.

c. The aforesaid amount shall be transferred by the concerned bank branch duly utilising SBI Software which is integrated with CFMS Application, to the following Heads of Accounts/Bank Account(s):

Component	HOA Code
ED/Countervailing Duty	0039001030001000000VN
VAT	0040001020006000000VN
AED	0039001050001000000VN
RET	0039001050097000000VN
ARET	0039001050098000000VN
Assessment Fee	0039008000082000000VN
APSBCL Bank A/c	A/c No. 26360200007405 IFSC: BARB0BENVIJ
Net Revenue	Account No. 26360200007893 INR IFSC: BARB0BENVIJ

BARS & IN-HOUSE LICENCES:

d. The invoice value raised by the Bars and In-house licensees shall be apportioned by the APSBCL Software among the following components as per the norms stipulated in the references read above:

Contd...3

Sl. No.	Component
1	Excise Duty (ED)
2	Value Added Tax (VAT)
3	Additional Excise Duty (AED)
4	Additional Retail Excise Tax (ARET) – Bar & In-house
5	Assessment Fee
6	Transfer to APSBCL Bank Account held with Bank of Baroda bearing Account No. 26360200007893 INR and titled as "A.P. State Beverages Corporation Limited Net Revenue Receipt Account" the components of Basic Price + Rounding off MRP (Addl. Privilege fee) + Rounding off of Issue Price (Spl. Privilege fee) + APSBCL Margin (6% of issue price) + APSBCL wholesale trade margin + Special Margin as referred to in G.O.Ms.No.313, Revenue (Excise) Department dated:09.11.2021 (collectively referred to as "Net Revenue").

e. The aforesaid invoice value shall be remitted online by the concerned Bars and In-house licensees using the CFMS Application, to the following Heads of Accounts/Bank Account(s):

Component	HOA Code
ED / Countervailing Duty	0039001030001000000VN
VAT	0040001020006000000VN
AED	0039001050001000000VN
ARET (Bar & In-house)	0039001050098001000VN
Assessment Fee	0039008000082000000VN
APSBCL Bank A/c	A/c No. 26360200007405 IFSC:BARB0BENVIJ
Net Revenue	Account No. 26360200007893 INR IFSC: BARB0BENVIJ

EXCISE DUTY (ED) :

f. Excise Duty (ED) / Countervailing Duty as per the prescribed slabs as mentioned in the reference 1st read above, shall be remitted by the suppliers before dispatch of consignment to the APSBCL Escrow Account No: 26360200007784; IFSC:BARB0BENVIJ by online transfer.

SPECIAL PRIVILEGE FEE and ADDL. PRIVILEGE FEE:

g. The Managing Director (MD), APSBCL shall transfer the Spl. Privilege Fee and Addl. Privilege Fee @5% to the Sports Authority of Andhra Pradesh (SAAP) and @95% to the Chief Minister's Relief Fund (CMRF) through online transfer to their respective bank accounts by 5th of every succeeding month.

SUPPLIER PAYMENT:

h. The MD, APSBCL shall make online payment of the Landed Cost (Basic Price + Excise Duty / Countervailing Duty) to the IMFL/Beer Suppliers from the APSBCL Bank Account to the concerned supplier's bank account on a daily basis as per the following discounting mechanism for early payments:

Discount %	Payment periodicity
3%	Within 2 working days after date of sale
2.5%	3 to 5 working days after date of sale
2%	6 to 10 working days after date of sale
1.5%	11 to 15 working days after date of sale
1%	16 to 30 working days after date of sale
0.5%	31 to 45 working days after date of sale
0%	Above 45 working days after date of sale

i. APSBCL is permitted to retain the cash discounts accrued on account of the above discounting mechanism and also the interest earned on Excise Duty (ED) remitted in advance to the APSBCL account for servicing the Loan(s) availed by APSBCL.

SPECIAL MARGIN

j. The APSBCL is permitted to retain the amounts realized as Special Margin during the course of its business of sale of liquor to retail consumers and other licensees as APSBCL's own income.

3. In case of short fall in meeting the expenditure towards retailing operations of APSBCL, the Government will provide necessary support.

4. The above orders shall come into force from 27.05.2022.

5. The Commissioner of Prohibition & Excise and the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited shall take further necessary action accordingly in the matter.

6. The order issues with the concurrence of the Finance (Budget) Department vide their U.O.No.FMUOASD)REV)/111/2022, (C.No.1737918), dt:27.05.2022.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To

The Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited, Vijayawada.

The Commissioner of Prohibition & Excise, A.P., Vijayawada.

Copy to:

The P.S. to Dy. C.M. (Excise)

The P.S. to Special Chief Secretary to Govt., Revenue (P&E, R&S).

SF/SC.

// FORWARDED :: BY ORDER //


SECTION OFFICER



ఆంధ్రప్రదేశ్ రాజపత్రము
THE ANDHRA PRADESH GAZETTE
PART IV-B EXTRAORDINARY
PUBLISHED BY AUTHORITY

No. 9] AMARAVATI, TUESDAY, 26th APRIL, 2022.

**ANDHRA PRADESH ACTS, ORDINANCES AND
REGULATIONS Etc.,**

The following Act of the Andhra Pradesh Legislature received the assent of the Governor on the 8th April, 2022 and the said assent is hereby first published on the 26th April, 2022 in the Andhra Pradesh Gazette for general information :

ACT No. 9 of 2022.

**AN ACT FURTHER TO AMEND THE ANDHRA PRADESH (REGULATION OF
TRADE IN INDIAN MADE FOREIGN LIQUOR, FOREIGN LIQUOR) ACT, 1993.**

Be it enacted by the legislature of the State of Andhra Pradesh in the seventy-third Year of the Republic of India as follows:-

1. (1) This Act may be called the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) (Amendment) Act, 2022.
- (2) It shall be deemed to have come into force with effect on and from the 9th November, 2021,
2. In the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993, (hereinafter referred to as Principal Act), in section 2, after sub-section (2), the following shall be inserted, namely,-

Short title and Commencement.

Insertion of new sub-section (2-A). Act 15 of 1993.

"(2-A) "Levy" means, Levy shall include Privilege Fee, and any other Levy by whatever name called, but shall not include Margin (Trade Margin, Special Margin or by whatever name called)."

Amendment of
Section 4-A.

3. In the Principal Act, in section 4-A,

- (i) the existing section 4-A shall be renumbered as section 4-A(1), and the words "trade margin" shall be omitted.
- (ii) after re-numbered as 4-A(1), the following sub-section shall be added, namely,-

"(2) It shall be competent for the Government to prescribe the rates of trade margin or special margin which shall be collected by the Corporation during the course of its business of sale of liquor to retail consumers and other licensees. The amounts so collected shall be the income of the Corporation."

Amendment of
Section 4-B.

4. In the Principal Act, in section 4-B, for the expression "4-A", the expression "4-A(1)" shall be substituted.

Repeal and
savings.
Ordinance No.3
of 2022.

- (1) The Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) (Amendment) Ordinance, 2022, is hereby repealed.
- (2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under this Act.

VADDADI SUNITHA,
Secretary to Government (FAC),
Legal and Legislative Affairs & Justice,
Law Department.

S J Lahoti & Co.

Chartered Accountants

Date: 30/10/2024

To,
Beacon Trusteeship Limited
5W, 5th Floor, Metropolitan Building,
E Block, Bandra Kurla Complex (BKC),
Bandra (East), Mumbai 400 051

Sub: Certificate for security cover ratio

As per the records and documents made available to us by Andhra Pradesh State Beverages Corporation Limited having PAN AANCA8537G and CIN U15400AP2015SGC097161, has allotted and outstanding 1,00,050 no. of Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Debentures (NCD) of Rs.10 Lakh each aggregating to Rs. 10,005 Crores and out of which Secured Rated, Listed, Redeemable, Taxable, Non-Convertible Debentures aggregating to Rs. 8,339.13 Crores and accrued interest of Rs. 67.95 Crores are outstanding based on the audited financial statements of 31 March 2024.

Accordingly, we hereby certify that the security cover ratio is 1.15 (refer '**Annexure I**') based on the audited financial statements as on 31 March 2024.

For S J Lahoti & Co.

Chartered Accountants

Firm Registration Number: 139498W

UDIN: 24148813BKABCM2105

Swapnil
Jagdish
Lahoti

Digitally signed by
Swapnil Jagdish
Lahoti
Date: 2024.10.30
18:07:43 +05'30'

Swapnil Lahoti

Proprietor

Membership no. 148813

Date: 30 October 2024

Place: Navi Mumbai

Annexure I:
(Rs in crores)

Column A	Column B	Column C ⁱ	Column D ⁱⁱ	Column E ⁱⁱⁱ	Column F ^{iv}	Column G ^v	Column H ^{vi}	Column I ^{vii}	Column J	Column K	Column L	Column M	Column N	Column O
Particulars		Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)		Related to only those items covered by this certificate			
	Description of asset for which this certificate relate	Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari- Passu charge (excluding items covered in column F)		debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets ^{viii}	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L+M+ N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value								
ASSETS														
Property, Plant and Equipment		-	-	No	-	-	26.65	-	26.65	-	-	-	-	-
Capital Work-in-Progress		-	-	No	-	-	6.08	-	6.08	-	-	-	-	-
Right of Use Assets		-	-	No	-	-	-	-	-	-	-	-	-	-
Goodwill		-	-	No	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	No	-	-	-	-	-	-	-	-	-	-
Intangible Assets under Development		-	-	No	-	-	-	-	-	-	-	-	-	-
Investments		-	-	No	-	-	-	-	-	-	-	-	-	-
Loans		-	-	No	-	-	-	-	-	-	-	-	-	-
Inventories		-	-	No	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-	No	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents		23.95	4.49	No	-	-	503.16	-	531.60	-	23.95(Refer Note-1)	-	-	23.95
Bank Balances other than Cash and Cash Equivalents		1,262.88	173.93	No	-	-	20.89	-	1,457.70	-	1,262.88(Refer Note-1)	-	-	1,262.88
Others	Deferred Revenue Expenditure and Accrued interest from Fixed Deposits	8,362.55	3144.10	No	-	-	2212.58	-	13,719.23	-	8,362.55(Refer Note-1)	-	-	8,362.55
Total		9,649.38	3,322.51	-	-	-	2,769.36	-	15,741.26	-	9,649.38	-	-	9,649.38
LIABILITIES														
Debt securities to which this certificate pertains	Secured, Rated, Listed, Redeemable, Taxable, NCDs (including accrued interest)	8,407.08		-	-	-	-	-	8,407.08	-	8,407.08	-	-	8,407.08
Other debt sharing pari-passu charge with above debt	Secured, Rated, Unlisted, Redeemable, Taxable, NCDs (including accrued interest)		3,166.45	-	-	-	-	-	3,166.45	-	-	-	-	-
Other Debt				-	-	-	-	-	-	-	-	-	-	-
Subordinated debt				-	-	-	-	-	-	-	-	-	-	-
Borrowings				-	-	-	-	-	-	-	-	-	-	-
Bank				-	-	-	-	-	-	-	-	-	-	-
Debt Securities				-	-	-	-	-	-	-	-	-	-	-
Others				-	-	-	-	-	-	-	-	-	-	-
Trade payables				-	-	-	-	-	-	-	-	-	-	-
Lease Liabilities				-	-	-	-	-	-	-	-	-	-	-
Provisions				-	-	-	-	-	-	-	-	-	-	-
Others				-	-	-	-	-	-	-	-	-	-	-
Total		8,407.08	3,166.45	-	-	-	-	-	11,573.53	-	8,407.08	-	-	8,407.08
Cover on Book Value		1.15	1.05											
Cover on Market Value ^{ix}											1.15			1.15
		Exclusive Security Cover Ratio	1.15		Pari-Passu Security Cover Ratio									

Note 1:

Attention is drawn to the fact that the management of Andhra Pradesh State Beverages Corporation Limited ("the company") have not ascertained the market values for the asset offered as security as on 31 March 2024. However, the management of the company has given a justification stating that the market values are not ascertainable and hence the carrying value/book value are provided for the assets offered as security.

SR. No	ISIN (series I)	ISIN (series II)
1	INE0M2307024	INE0M2307123
2	INE0M2307057	INE0M2307131
3	INE0M2307040	INE0M2307149
4	INE0M2307107	INE0M2307156
5	INE0M2307032	INE0M2307164
6	INE0M2307065	INE0M2307180
7	INE0M2307073	INE0M2307172
8	INE0M2307081	INE0M2307198
9	INE0M2307099	INE0M2307206

Valuation report
of
ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED
Corporate Identification Number: U15400AP2015SGC097161

(Private and Confidential)

Certified by:

P V K & Co.
Chartered Accountants
FRN: 139505W

P V K & Co.

Chartered Accountants

Date: 30/10/2024

To,
Beacon Trusteeship Limited,
5W, 5th Floor, The Metropolitan,
Bandra Kurla Complex, Bandra (East),
Mumbai, Maharashtra, India, 400051.

Dear Sir/Madam,

Subject: Valuation of security offered by 'Andhra Pradesh State Beverages Corporation Limited ('APSBCL')' for the quarter ended June, 2024 for the issue of Rs. 8305 crores (Tranche I) and Rs. 1700 crores (Tranche II)

I. Purpose:

We have been engaged by Beacon Trusteeship Limited having its registered office at 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 to certify the valuation of security offered by APSBCL as a security for the issue of Rs. 8305 crores (Tranche I) and Rs. 1700 crores (Tranche II).

We understand that Beacon Trusteeship Limited has placed its reliance on the Net Present Value of estimated revenue to be generated from collection of Sale proceeds and Special Margin from the sale of alcohol in the State of Andhra Pradesh.

The said revenue is to be deposited on a daily basis in the '**Net Revenue Receipt Account**' of the company, which is being offered as a security against issue of Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds with a Face value of INR Ten Lakhs per Bond for an issue amount of INR Eight Thousand Three Hundred and Five crores (Tranche I) and INR One Thousand Seven Hundred Crores (Tranche II) on Private Placement Basis of Andhra Pradesh State Beverages Corporation Limited.

In light of the NPV arrived from future estimates of special margin revenues is interconnected to the spending money in the current accounting period due to which the benefits of the expenses will help APSBCL to earn revenue from special margin over several accounting periods, the said expenses has been categorized by the management of the APSBCL as 'Deferred Revenue Expenditure' under asset in Balance sheet and has been considered as security against the issue of Rs. 8305 crores (Tranche I) and Rs. 1700 crores (Tranche II). Further, Beacon Trusteeship as well as we have received an undertaking from APSBCL stating the fact that the net present value of future sales and interconnect expenses will be accounted in the books of accounts as 'Deferred

Revenue Expenditure' under assets in balance Sheet.

Further, a deed of Guarantee cum Undertaking dated 30 May 2022 along with Letter of Continuity dated 17 November 2022 between State of Andhra Pradesh as a Guarantor and Beacon Trusteeship will provide additional security to Beacon Trusteeship Limited and financier that in case of default the entire amount of default will be funded by the Government of Andhra Pradesh.

The issue of rated, listed, secured, redeemable, taxable, non-convertible bonds in various tranches in the nature of debentures, with an unconditional and irrevocable guarantee by the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such Debentures / Bond each having a face value of INR 10,00,000/- aggregating to INR 2,000 crores along with green shoe option to retain oversubscription of 6,305 crores for an aggregate issue size of INR 8,305 Cr (Tranche I) and such Debentures / Bond each having a face value of INR 10,00,000/- aggregating to INR 500 crores along with green shoe option to retain oversubscription of up to INR 1200 crores for an aggregate issue size of INR 1,700 Crores (Tranche II) of Andhra Pradesh State Beverages Corporation Limited (APSBCL).

The said net present value of revenues has been certified by the management of APSBCL dated 30 June 2024. The same has been attached as a part of this certificate as **Annexure 2**.

The above said estimates of revenue to be generated from collection of Sale proceeds and Special Margin are based on the Government Order having reference no. G.O.Ms. No. 313 dated November 09, 2021, G.O. Ms 414 dated 27.05.2022 along with a copy of the Andhra Pradesh (Regulation of Trade in Indian made Foreign Liquor) (Amendment) Act, 2022 dated 26 April 2022 (attached herewith as **Annexure 3, Annexure 4 and Annexure 5** respectively to this Report)

II. Background / Information about Company

The Company (APSBCL) is classified as State Government Company and incorporated on August 12, 2015 having its registered office at 1st Floor, Proh. & Excise Complex, D.No. 5-69-55 / 9A Taluk Office Compound, 6/1, Brodipet Guntur Krishna 522002 is 100% held by the Government of Andhra Pradesh (hereinafter referred as "Authority"). The company carries out the business of wholesale and retail trade, export and import of IMFL & FL in the State of Andhra Pradesh as an agent of the GOAP.

a) The Government of Andhra Pradesh (herein after also referred as "Authority") with a view to improve the physical quality of life of its people and reduce the levels of alcohol consumption in the State have reduced the number of retail outlets of alcohol in the State. Further, the existing MRPs of liquor to be unchanged by specifying Special Margin on alcoholic beverages.

b) Accordingly, the government of Andhra Pradesh, vide its, vide its Government Order No. 313 dated November 09, 2021, in order to ensure reduction in consumption of liquor, has decided to specify Special Margin rates as mentioned in the order.

c) In accordance with the same, the Company shall be awarded with the Percentage of Special Margin on alcoholic beverages as per the said Government Order.

III. Scope and Limitations

Auditor Responsibility

Our certificate on valuation is inter-alia based on the financial and other information provided by/ on behalf of the Management. Our valuation does not constitute as an auditor review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. Accordingly, we assume no responsibility for any errors in the information furnished by Beacon Trusteeship, APSBCL and Authority as well as their impact on the Report. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, it may have a material effect on our findings.

We have initialed the certificate for identification purposes only.

While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information.

We have placed reliance on the certificate issued by the management in respect of the calculation and respective assumptions taken for arriving at the net present value of the future revenues expected to be generated inter-alia notifications issued by the authority and attached as a part of this certificate. We assume no responsibility for such valuation arrived by the management.

This Report is prepared on the basis of the sources of information listed below in the report has relied upon their representation provided by the Management that the information contained in the Report is accurate and complete, fair in its manner of portrayal and therefore forms a reliable basis for the Valuation.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

Management Responsibility:

The certificate, including the creation and maintenance of all accounting and other records supporting its contents, is solely the responsibility of the Management of the APSBCL. The Management is responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Management is also responsible for ensuring that the APSBCL complies with the requirements of the laws and regulation and for providing all relevant information to the concerned authority, banks and financiers from time to time.

Other Matters:

Attention is drawn towards the valuation arrived by the management of APSBCL which may contain and/ or are based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as our predictions or as our assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material.

We take no responsibility and neither verified for the achievement of the predicted results.

Restriction of Use:

It is inappropriate to use this Report for financing or any purpose other than the purpose mentioned above. We are not responsible for the unauthorized use of this Report. We shall not assume any responsibility to any third party to whom the Report is disclosed or otherwise made available. Except as may be required under SEBI Regulations, it shall not be provided to any third party without our prior written consent.

IV. Opinion:**Methodology Adopted for fair valuation:**

Valuation of Business entails estimation of Fair value of Non-Convertible Deep Discount Bonds (NCDs) of the company. In valuing business, three different approaches may be employed to determine the value:

- A. The Income Approach
- B. The Market Approach
- C. The Asset Approach

A. Income Approach**(i) Discounted Free Cash Flow Method (DCF)**

- Under a DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit Forecast Period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.
- DCF methodology typically requires the Forecast Period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries.
- The rate at which the future cash flows are discounted ("the discount rate") should reflect not only the time value of money, but also the risk associated with the business' future operations. The discount rate most generally employed is Weighted Average Cost of Capital ("WACC") or Cost of Equity (Ke), reflecting an optimal as opposed to actual financing structure.

- In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit Forecast Period. The "constant growth model", which applies an expected constant level of growth to the cash flow forecast in the last year of the Forecast Period and assumes such growth is achieved in perpetuity, is a common method. These results would be cross-checked, however, for reasonability to implied exit multiples.
- The rate at which future cash flows are discounted should reflect not only the time value of the cash flows but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

(ii) Net Present Value (NPV)

- Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is used in capital budgeting and investment planning to analyse the profitability of a projected investment or project.
- NPV is the result of calculations used to find today's value of a future stream of payments. It accounts for the time value of money and can be used to compare similar investment alternatives. The NPV relies on a discount rate that may be derived from the cost of the capital required to make the investment, and any project or investment with a negative NPV should be avoided.

B. Market Approach

(i) Comparable Companies Multiples (CCM)

- This methodology uses the valuation ratio of a publicly traded company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value [e.g. Revenue, EBITDA, EBIT, Earnings per Share or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs. In the instant case, the Company belongs to Road and Infrastructure Industry and in absence of any comparable of similar companies, it is inappropriate to use this methodology for this valuation.

C. Asset Approach

(i) Net Asset Method (NAV) or Underlying Asset Method

- The Asset based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value. However, this methodology recognizes historical cost of net assets only, without recognizing its present earnings, comparative financial performance of its peers and their Fair values, etc.
- In general, Net Asset Value only reflects the minimum proxy value of the company, therefore, we deemed it appropriate to ignore this methodology for this valuation.

V. Approach Adopted for Valuation

❖ Net Present Value (NPV)

- NPV is considered a superior method of evaluating the cash flows from a project because it is able to rank projects of different sizes over varying periods of time to determine the most profitable course of action. It is the discount rate that is used to calculate a zero NPV for a series of cash flows.
- Because the NPV method uses a reinvestment rate close to its current cost of capital, the reinvestment assumptions of the NPV method are more realistic than those associated other method.
- NPV is considered superior to payback, the other method popular capital budgeting techniques, because it is the most complete picture of future cash flows.
- Advantages of the Net Present Value Method Cash flow from future years is discounted back to the present to find their worth. The NPV method produces a dollar amount that indicates how much value the project will create for the company. Stockholders can see clearly how much a project will contribute to their value.
- **The Valuation as per unaudited Balance sheet as on 30 June 2024 reflecting Deferred Revenue expenditure and balances in various charge accounts is INR 12,728.26 crores, the bifurcation of which is given below:**

	Amount (Rs. in crores)
Deferred Revenue Expenditure	11,232.82
Accrued interest from Fixed Deposits	36.87
Cash and cash equivalents (APSBCL Bond Servicing Account)	22.65
Bank balances other than Cash and Cash Equivalents (Deposits-DSRA & BSA)	1,435.92
Total Assets (I)	12,728.26
Total Debt including interested accrued (II)	11,318.33
Asset Coverage ratio (I/II)	1.12

- **The Net Present Value is INR 44,388 crores as on 30 June 2024. The net present value of future projections are considered purely based on the total borrowings of INR 8305 crores (Tranche I) and INR 1700 crores (Tranche II). Refer Annexure 1 attached as a part of this certificate presenting the calculations of NPV and Future Projections.**

We have verified the arithmetical accuracy of the method's explained and adopted by the Management of APSBCL to arrive at the said valuation and we assume no responsibility other than that.

This report may not be distributed, published, reproduced or used, without our prior consent, for any purpose other than the objectives of this report. While the information provided herein is believed to be true and reliable to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.

This report shall at all times be read and interpreted in full, no part of it shall be read independently for any reason whatsoever.

For **P V K & Co.**

Chartered Accountants

Firm Registration Number: 139505W

UDIN: 24143422BKC�WG1084

VINAY
KUMAR
LUHARUKA

Digitally signed by
VINAY KUMAR
LUHARUKA
Date: 2024.10.30
18:17:00 +05'30'

Vinay Luharuka

Partner

Membership no. 143422

Date: 30 October 2024

Place: Navi Mumbai

Annexure 1

The details related to calculation of Net Present Value is as follows:

Assumptions and Basis of NPV Calculation:

Discount Rate	10%
Factor of Safety	1.2
Effective Discount rate	12%
Net Present Value as on 30th June 2024 (I)	INR 44,388 Crores
Listed Debt Securities (including interest) (A)	INR 8,152.61 Crores
Unlisted Debt Securities (including interest) (B)	INR 3,165.72 Crores
Total Borrowings (including interest) (A+B) (II)	INR 11,318.33 Crores
Security Cover Asset	Deferred Revenue Expenditure
Deferred Revenue Expenditure	INR 11,232.82 Crores
Security Cover Ratio (I/II)	3.92

Notes:

- The net present value of future projections is considered purely based on the total borrowings of INR 11,318.31 crores

Future Projections and calculation of NPV:

Considered Values

- Average Special Margin Collections/day of Rs. 21.25 Crores
- For NPV calculation: (Effective Discount rate of 12%)
- Coupon on Bonds 9.62%



Annexure 2

ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Registered Office:-

CIN: U15400AP2015SGC097161

Corporate Office :

1st Floor, Proh. & Excise Complex,

Prohibition & Excise Complex, 4th Floor,
S.No.88-2B, Poultry Farm Road, Prasadampadu,
Vijayawada – 521108, Andhra Pradesh, INDIA.

D.No.5-69-55/9A, Taluk Office Compound, 6/1, Brodipet
Guntur-522002, Andhra Pradesh, INDIA.

E-mail : apsbclco2122@gmail.com

To,

Beacon Trusteeship Limited,
5W, 5th Floor, Metropolitan Building,
E Block, Bandra Kurla Complex (BKC),
Bandra (East), Mumbai 400 051

CC:

P V K & CO.

Chartered Accountants
603, 6th Floor, Platinum Techno Park,
Above Joyalukkas, Sector 30A,
Vashi Navi Mumbai

Reference: The issue of Rated, Listed, Secured, Redeemable, Taxable, Non-Convertible Bonds with an unconditional and irrevocable guarantee by the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such Debentures / Bond each having a face value of INR 10,00,000/- aggregating to INR 8305 crores (Tranche I) and INR 1700 crores (Tranche II) and Unlisted, Rated, Secured, Redeemable, Non-Convertible Debentures with an unconditional and irrevocable guarantee by the Government of Andhra Pradesh for the timely servicing of the interest and principal in respect of such Debentures / Bond each having a face value of INR 1,00,000/- aggregating to INR 3143.82 crores (Tranche III) of Andhra Pradesh State Beverages Corporation Limited (APSBCL).

Subject: Declaration cum Undertaking regarding the estimation and valuation of cash flows derived from Special Margin.

Dear Sir,

The government of Andhra Pradesh wide its G.O. Ms 313 dated 09.11.2021, in order to ensure reduction in consumption of liquor, has decided to specify Special Margin rates as mentioned in the order.

APSBCL has issued various NCD's as under:

Sr No.	Issue Size (In Rs Crs)	Allotment Size (In Rs Crs)	Allotment Date	Reference G.O. Ms
1	12,000	8,305	14-June-2022	415 Dated 27-May-2022
2	3,695	1,700	21-Dec-2022	415 Dated 27-May-2022
3.	6,500*	3,143	31-Mar-2023	194 Dated 27-Apr-2023

Note: * - Unlisted NCD





ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

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S.No.88-2B, Poultry Farm Road, Prasadampadu,

D.No.5-69-55/9A, Taluk Office Compound, 6/1, Brodipet
Guntur-522002, Andhra Pradesh, INDIA.

Vijayawada – 521108, Andhra Pradesh, INDIA.
E-mail : ansbclco2122@gmail.com

The actual revenue collections from 12th November 2021 to 30th June 2024 have been certified by the independent CA and Managing Director of APSBCL and duly submitted to Beacon Trusteeship Limited as under.

Sr No.	Period from	Period to	Letter/Certificate Date	Issuing Authority
1	12-Nov-2021	19-May-2022	20-May-2022	Garlapati & Associates
2	20-May-2022	31-Oct-2022	15-Nov-2022	Garlapati & Associates
3.	01-Nov-2022	31-Dec-2022	24-Feb-2023	Garlapati & Associates
4	01-Jan-2023	31-Mar-2023	23-Jun-2023	Garlapati & Associates
5.	01-Apr-2023	30-Jun-2023	14-Aug-2023	Garlapati & Associates
6.	01-Jul-2023	30-Sep-2023	04-Dec-2023	Garlapati & Associates
7.	01-Oct-2023	31-Dec-2023	14-Mar-2024	Garlapati & Associates
8.	01-Jan-2024	31-Mar-2024	23-Oct-2024	Garlapati & Associates
9.	01-Apr-2024	30-Jun-2024	28-Oct-2024	Garlapati & Associates

With reference to the issue, as part of security, we have offered a charge on Net Revenue Receipt Account, in which all revenue collections from the sale of the liquor will be collected. Special Margin is part of Net Revenue Receipts which is available for the company as a free cash flow after accounting for liquor supply costs, government duties and taxes as applicable. In order to arrive at the present value of the special margin receipts (present and Future) i.e. forming part of the security for the issue, below are the assumptions and data points that are considered for valuation.

1. Cash Flows:

- Base Reference Period: 12th November 2021 to 30th June 2024.
- Average Daily Special Margin Collection: Rs. 21.25 Cr
- For future projections, we have assumed the current daily average collection (ignoring the growth)

2. Discount Rates:

- Discount rate: 10%
- Factor of Safety: 1.2
- Effective Discount Rate: 12%

Request you to take the above on your record.

Thank You,

Yours Sincerely,

For Andhra Pradesh State Beverages Corporation Limited


K. Venkata Ramana
DGM (F&A) (I/C)

Date: 29.10.2024

Place: Vijayawada, Andhra Pradesh





ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Registered Office:-

CIN: U15400AP2015SGC097161

Corporate Office :

1st Floor, Proh. & Excise Complex,

Prohibition & Excise Complex, 4th Floor,

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Guntur-522002, Andhra Pradesh, INDIA.

S.No.88-2B, Poultry Farm Road, Prasadampadu,
Vijayawada – 521108, Andhra Pradesh, INDIA.

E-mail : apsbclco2122@gmail.com

NPV of Special Margin Cash flows

QTR	QTR Start Date	QTR End Date	Estimated Average Collection	XNPV (@Average)
Q1 FY2024		30-Jun-24		44,388
Q2 FY2025	01-Jul-24	30-Sep-24	1,955	43,684
Q3 FY2025	01-Oct-24	31-Dec-24	1,955	42,939
Q4 FY2025	01-Jan-25	31-Mar-25	1,912	42,146
Q1 FY2026	01-Apr-25	30-Jun-25	1,933	41,386
Q2 FY2026	01-Jul-25	30-Sep-25	1,955	40,596
Q3 FY2026	01-Oct-25	31-Dec-25	1,955	39,761
Q4 FY2026	01-Jan-26	31-Mar-26	1,912	38,878
Q1 FY2027	01-Apr-26	30-Jun-26	1,933	38,025
Q2 FY2027	01-Jul-26	30-Sep-26	1,955	37,137
Q3 FY2027	01-Oct-26	31-Dec-26	1,955	36,202
Q4 FY2027	01-Jan-27	31-Mar-27	1,912	35,218
Q1 FY2028	01-Apr-27	30-Jun-27	1,933	34,260
Q2 FY2028	01-Jul-27	30-Sep-27	1,955	33,264
Q3 FY2028	01-Oct-27	31-Dec-27	1,955	32,216
Q4 FY2028	01-Jan-28	31-Mar-28	1,933	31,129
Q1 FY2029	01-Apr-28	30-Jun-28	1,933	30,032
Q2 FY2029	01-Jul-28	30-Sep-28	1,955	28,913
Q3 FY2029	01-Oct-28	31-Dec-28	1,955	27,739
Q4 FY2029	01-Jan-29	31-Mar-29	1,912	26,515
Q1 FY2030	01-Apr-29	30-Jun-29	1,933	25,308
Q2 FY2030	01-Jul-29	30-Sep-29	1,955	24,052
Q3 FY2030	01-Oct-29	31-Dec-29	1,955	22,737
Q4 FY2030	01-Jan-30	31-Mar-30	1,912	21,372
Q1 FY2031	01-Apr-30	30-Jun-30	1,933	20,017
Q2 FY2031	01-Jul-30	30-Sep-30	1,955	18,608
Q3 FY2031	01-Oct-30	31-Dec-30	1,955	17,135
Q4 FY2031	01-Jan-31	31-Mar-31	1,912	15,611
Q1 FY2032	01-Apr-31	30-Jun-31	1,933	14,091
Q2 FY2032	01-Jul-31	30-Sep-31	1,955	12,510
Q3 FY2032	01-Oct-31	31-Dec-31	1,955	10,861
Q4 FY2032	01-Jan-32	31-Mar-32	1,933	9,162
Q1 FY2033	01-Apr-32	30-Jun-32	1,933	7,436
Q2 FY2033	01-Jul-32	30-Sep-32	1,955	5,661
Q3 FY2033	01-Oct-32	31-Dec-32	1,955	3,814
Q4 FY2033	01-Jan-33	31-Mar-33	1,912	1,912



**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Prohibition & Excise Department – Government's avowed policy of reducing consumption levels of alcohol in the State – VAT on liquor rationalised – Keeping MRPs of liquor intact in tune with the Government policy of reduction in consumption of liquor – Orders - Issued.

REVENUE(EXCISE)DEPARTMENT

G.O.Ms.No. 313

**Dated: 09.11.2021
Read the following:**

1. G.O.Ms.No.312, Revenue (CT-II) Department, Dated:09.11.2021.
2. E-office file No REV04-24026(32)/10/2021-AM2-APSBCL received from the MD, APSBCL.

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ORDER:

The Government of Andhra Pradesh, by an avowed policy, is committed to reduction in the levels of alcohol consumption in the state, with a view to improve the physical quality of life of its people.

2. Several proactive steps have been taken by the Government in this direction. Notable among them are removal of 43,000 Belt shops spread across various villages throughout the State, dispensing with the Permit Rooms, reduction in the business hours, reduction in the maximum possession limit of intoxicants which a person can possess without license or permit, etc. Further, in order to ensure that there remain no belt shops in any village, the Government removed private people from operating liquor shops.

3. Further, the Government have reduced the retail outlets from (4380) to (2934) i.e., by about 33% to reduce access to availability of liquor and granted exclusive privilege to APSBCL to run these retail outlets in public interest. Furthermore, the Government issued orders to reduce bars by 40% from (840) to (530) which is subjudice.

4. In order to create awareness among the public on the evils of consumption of liquor/intoxicants, the Madya Vimochana Prachara Committee was constituted and awareness programmes are being conducted all over the State.

5. Furthermore, the Government have levied Additional Retail Excise Tax on liquor with a view to reduce consumption of liquor in the State as also keeping in view the objectives of preventing cross-border smuggling of liquor into the State rationalised the same to discourage the people from consumption of liquor in order to ensure a healthy society.

6. In the reference 1st read above, the Government have rationalised VAT on liquor for human consumption to bring about parity in the levy of VAT on liquor with the neighbouring States. It is noted that consequent on the rationalisation, there is an imperative need to ensure that it shall not run contrary to the objectives of the avowed policy of the Government of reducing consumption of liquor. In the reference 2nd read above, the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited has submitted a proposal wherein he has proposed that keeping in view the avowed policy of the

P.T.O.

Government of reducing consumption levels of alcohol in the State, Special Margin may be specified on liquor to keep the existing MRPs of liquor unchanged.

7. The Government after careful consideration of the matter have decided to keep the existing MRPs of liquor unchanged by specifying Special Margin on alcoholic beverages.

8. Therefore, in exercise of the powers conferred by section 4-A of the Andhra Pradesh (Regulation of trade in Indian made Foreign Liquor, Foreign Liquor) Act, 1993, the Government in order to ensure that there is reduction in the consumption of liquor, has decided to specify Special Margin at the rates as detailed in the Annexure annexed to this order to be collected from the holders of licences issued under the Andhra Pradesh Excise (Grant of licence of selling by Shop and conditions of licence) Rules, 2019, the Andhra Pradesh Excise (Grant of licence of selling by Bar and conditions of licence) Rules, 2017 and the Andhra Pradesh Excise (Grant of licence of selling by In-house and conditions of licence) Rules, 2005. This would help in effective sustenance of the policy in view of the avowed objectives.

9. These orders shall come into force w.e.f. 10.11.2021.

10. This has got the approval of the Finance Department vide their U.O. Note No.FMUOASD(Revenue)/160/2021, dated:05.11.2021.

11. The Commissioner of Proh. & Excise and the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited, shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT**

To

The Commissioner of Prohibition and Excise, Andhra Pradesh, Vijayawada.
The Commissioner of Distilleries and Breweries & Managing Director,
A.P. State Beverages Corporation Limited, Andhra Pradesh, Vijayawada.
The Chief Commissioner of State Tax, Andhra Pradesh, Vijayawada.

Copy to:

PS to Prl. Secy to Hon'ble CM.
PS to Dy-CM, Revenue (Excise) Dept.
PS to Hon'ble Minister for Finance Dept.
PS to SPL. CS to Govt., Revenue(CT, Excise and R&S) Dept.
SC/SF

//FORWARDED::BY ORDER//

H. S. S. S.
SECTION OFFICER

ANNEXURE

(i)	Description	Point of levy	Rate of Special Margin
	Indian Made Foreign Liquor (other than Beer, Wine and Ready to drink varieties) bottled and/or packed in India as per the provisions of Andhra Pradesh Excise Act, 1968, but excluding Toddy and Arrack	On the Landed cost (Basic Price + Excise Duty)	
	Basic price (per case):		
	(a) Up to Rs.400/-		90%
	(b) Above Rs.400/- up to Rs.2,500/-		130%
	(c) Above Rs.2,500/- up to Rs.3,500/-		105%
	(d) Above Rs.3,500 /- up to Rs.5,000/-		90%
	(e) Above Rs.5,000/-		85%

(ii)	Description	Point of levy	Rate of Special Margin
	Beer bottled and/or packed in India as per the provisions of the Andhra Pradesh Excise Act, 1968	On the Landed cost (Basic Price + Excise Duty)	
	Basic price per case:		
	(a) Rs.200 and below		100%
	(b) Above Rs.200		115%

(iii)	Description	Point of levy	Rate of Special Margin
	(a) Wines	On the Landed cost (Basic Price + Excise Duty)	65%
	(b) Ready to drink varieties (RTD)		100%

Sd/-
Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT



ANDHRA PRADESH STATE BEVERAGES CORPORATION LIMITED

Registered Office:-

1st Floor, Proh. & Excise Complex,

D.No.5-69-55/9A, Taluk Office Compound, 6/1, Brodipet
Guntur-522002, Andhra Pradesh, INDIA.

CIN: U15400AP2015SGC097161

Corporate Office :

Prohibition & Excise Complex, 4th Floor,
S.No.88-2B, Poultry Farm Road, Prasadampadu,
Vijayawada – 521108, Andhra Pradesh, INDIA.

E-mail : ansbclco2122@gmail.com

29.10.2024

To


M/s. Beacon Trusteeship Limited
Mumbai 400 051

Sub: Certification of day-wise Sales apportionment from 01.04.2024 to 30.06.2024 - reg

It is submitted that the day-wise sales apportionment from 01.04.2024 to 30.06.2024 duly certified by Chartered Accountant is correct. We are enclosing Chartered Accountant certificate for your reference.

Yours faithfully,

For Andhra Pradesh State Beverages Corporation Limited


K. Venkata Ramana
DGM (F&A) (I/C)





Garlapati & Associates

VSNK Ramanjeneyulu.G

ANDHRA PRADESH STATE BEVERAGE CORPORATION LIMITED

May-24 Date	Sale Value (In Crs.)	Special Margin (In Crs.)	Normal Margin	Cost of Goods Or Basic Price	Other revenue (including Commision)	Government Duties & Taxes
1st	69.31	17.98	2.26	10.65	0.71	37.72
2nd	97.08	25.13	2.21	15.07	0.82	53.86
3rd	87.26	22.58	2.21	13.51	0.75	48.21
4th	87.62	22.69	2.29	13.56	0.75	48.34
5th	79.40	20.57	2.59	12.27	0.75	43.23
6th	88.35	22.90	2.27	13.61	0.74	48.83
7th	89.26	23.11	2.39	13.76	0.78	49.21
8th	91.36	23.68	2.43	14.07	0.81	50.38
9th	95.90	24.83	2.55	14.80	0.88	52.85
10th	96.21	24.92	2.70	14.95	0.90	52.75
11th	78.55	20.32	2.52	12.32	0.79	42.59
12th	0.00	0.00	0.00	0.00	0.00	0.00
13th	0.00	0.00	0.00	0.00	0.00	0.00
14th	135.00	34.87	2.93	21.20	1.04	74.95
15th	114.69	29.63	2.68	17.90	0.88	63.60
16th	101.84	26.34	2.52	15.81	0.79	56.38
17th	92.84	24.05	2.34	14.35	0.69	51.41
18th	79.20	20.53	2.37	12.18	0.63	43.49
19th	88.62	22.93	2.89	13.72	0.74	48.35
20th	99.96	25.86	2.26	15.51	0.70	55.63
21st	92.07	23.79	2.38	14.28	0.66	50.96
22nd	86.82	22.46	2.34	13.44	0.64	47.94
23rd	86.57	22.40	2.32	13.41	0.63	47.82
24th	85.49	22.13	2.22	13.20	0.60	47.34
25th	84.79	21.98	2.38	13.07	0.61	46.74
26th	90.44	23.40	2.95	13.99	0.70	49.40
27th	88.98	23.06	2.29	13.73	0.62	49.27
28th	88.52	22.95	2.38	13.69	0.62	48.88
29th	89.90	23.30	2.52	13.86	0.63	49.60
30th	95.12	24.67	2.64	14.64	0.65	52.52
31st	100.05	25.95	2.78	15.40	0.69	55.23
Total	2661.21	689.01	71.62	411.94	21.18	1467.45

The above data is provided as per the details provided by the management and at specific request

Date : 28-10-2024

Place : Vijayawada

Garlapati & Associates

CA GVSNK Ramanjeneyulu

M no : 227122



1-3/24-36D, ARAVINDA ST, VIDHYADHARAPURAM, VIJAYAWADA – 520012 – (AP)

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Garlapati & Associates

VSNK Ramanjeneyulu.G

ANDHRA PRADESH STATE BEVERAGE CORPORATION LIMITED

April-24 Date	Sale Value (In Crs.)	Special Margin (In Crs.)	Normal Margin	Cost of Goods Or Basic Price	Other revenue (including Commision)	Government Duties & Taxes
1st	66.58	17.31	2.14	10.16	0.59	36.37
2nd	85.80	22.26	2.21	13.28	0.66	47.39
3rd	83.59	21.70	2.32	12.88	0.67	46.03
4th	86.29	22.39	2.41	13.32	0.67	47.49
5th	80.58	20.91	2.26	12.44	0.63	44.34
6th	81.90	21.25	2.24	12.65	0.62	45.14
7th	79.16	20.51	2.58	12.24	0.74	43.09
8th	95.03	24.63	2.25	14.72	0.72	52.71
9th	78.16	20.27	2.55	12.03	0.75	42.56
10th	88.92	23.01	2.29	13.79	0.74	49.09
11th	70.79	18.36	2.31	10.88	0.73	38.51
12th	85.04	22.04	2.17	13.16	0.79	46.88
13th	79.33	20.57	2.19	12.25	0.75	43.58
14th	77.25	20.00	2.52	11.95	0.83	41.95
15th	84.40	21.86	2.13	13.04	0.75	46.64
16th	84.41	21.90	2.18	13.04	0.74	46.55
17th	66.50	17.26	2.17	10.18	0.69	36.20
18th	80.50	20.82	2.15	12.44	0.74	44.35
19th	77.73	20.09	2.15	12.04	0.73	42.73
20th	81.59	21.12	2.20	12.61	0.74	44.91
21st	76.33	19.77	2.49	11.79	0.81	41.47
22nd	81.40	21.09	2.21	12.56	0.77	44.77
23rd	85.13	22.06	2.25	13.18	0.78	46.86
24th	81.50	21.07	2.21	12.62	0.76	44.83
25th	77.30	20.00	2.18	11.94	0.74	42.44
26th	76.34	19.77	2.16	11.79	0.72	41.90
27th	80.41	20.82	2.15	12.45	0.72	44.28
28th	74.30	19.24	2.42	11.49	0.77	40.37
29th	81.88	21.21	2.10	12.66	0.72	45.18
30th	82.29	21.24	2.19	12.79	0.73	45.34
Total	2410.43	624.54	67.78	372.37	21.79	1323.95

The above data is provided as per the details provided by the management and at specific request

Date : 28-10-2024

Place : Vijayawada

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ANDHRA PRADESH STATE BEVERAGE CORPORATION LIMITED

June-24 Date	Sale Value (In Crs.)	Special Margin (In Crs.)	Normal Margin	Cost of Goods Or Basic Price	Other revenue (including Commision)	Government Duties & Taxes
1st	115.64	30.03	3.23	17.81	0.49	64.08
2nd	122.17	31.69	3.99	18.93	0.62	66.94
3rd	54.21	14.05	1.62	8.37	0.25	29.92
4th	0.00	0.00	0.00	0.00	0.00	0.00
5th	51.56	13.35	1.33	7.96	0.19	28.73
6th	78.84	20.45	2.25	12.10	0.30	43.75
7th	73.68	19.11	2.14	11.31	0.28	40.84
8th	84.57	21.93	2.24	13.05	0.32	47.04
9th	86.52	22.40	2.82	13.37	0.35	47.57
10th	70.54	18.32	2.18	10.76	0.26	39.02
11th	84.49	21.87	2.28	13.05	0.31	46.98
12th	77.15	20.02	2.27	11.86	0.26	42.73
13th	68.72	17.84	2.20	10.51	0.23	37.95
14th	81.03	21.01	2.13	12.48	0.27	45.14
15th	83.46	21.66	2.24	12.84	0.28	46.44
16th	88.86	23.03	2.90	13.75	0.32	48.87
17th	70.64	18.34	2.31	10.82	0.25	38.93
18th	97.12	25.14	2.25	15.09	0.33	54.31
19th	79.65	20.65	2.27	12.29	0.29	44.15
20th	80.23	20.81	2.25	12.35	0.29	44.53
21st	80.85	20.95	2.17	12.46	0.29	44.97
22nd	81.96	21.25	2.26	12.65	0.32	45.50
23rd	88.41	22.91	2.88	13.66	0.38	48.58
24th	83.27	21.61	2.14	12.82	0.30	46.41
25th	78.42	20.36	2.20	12.08	0.30	43.48
26th	78.17	20.26	2.22	12.04	0.30	43.35
27th	74.20	19.26	2.12	11.37	0.20	41.23
28th	80.36	16.58	2.04	10.99	0.20	49.50
29th	80.13	20.75	2.19	12.38	0.22	44.58
30th	85.53	22.16	2.79	13.21	0.23	47.14
31st	0.00	0.00	0.00	0.00	0.00	0.00
Total	2360.39	607.79	67.89	362.38	8.63	1312.66

The above data is provided as per the details provided by the management and at specific request

Date : 28-10-2024

Place : Vijayawada

Udin: 24227122BKFAQZ5845

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27th May 2022

Ref No: TPA/OP/2022-23/03

Kind Attention: Mr. Vasudeva Reddy (M.D. Andhra Pradesh State Beverages Corporation Limited)

Subject: Accounting aspect w.r.t the opinion given on exemption u/s 10(26B) of the Income Tax Act, 1961

Facts:

Andhra Pradesh State Government has many State-owned entities that have independent cash accruals and consequently good creditworthiness. It is now proposed that the State Government will take steps to strengthen the corporations further by enabling them to earn higher profits. The objective of the State Government is that, those corporations would subsequently utilize those profits for the purpose of the objectives of the Corporations.

Andhra Pradesh State Beverages Corporation Limited ("APSBCL" or "the Company"), a Company incorporated under the Companies Act, 2013 and a 100% State Government owned entity is currently managing all the retail liquor business in the State. Given the nature of its business, it would be appropriate if the Corporation could have as its objects the implementation of socio-economic projects through the proceeds from its main business of operating liquor shops. The entity which is regarded as one promoting liquor consumption would be undertaking compensatory measures by also promoting the interests of the persons belonging to downtrodden sections. Therefore, the entity which is currently marketing sin goods, will ensure that its profits would exclusively be utilized for the welfare of members belonging to SCs, STs and BCs. Currently APSBCL has only meagre profits. However, with the model in mind, it is proposed that the State Government take steps to enable APSBCL to earn more revenues.

The primary objects of the APSBCL as per its memorandum of association are as follows:

To carry on the business as manufacturer, purchaser, producer, processor, grower, fermentator, distiller, refiner, maker, inventor, convertor, importer, exporter, indenter, bottler, trader, buyer, seller, retailer, wholesale supplier, packer, mover, preserver, stockiest, representative or agent, sub-agent, commission agent, more particularly as an agent on commission to handle such activity or activities on behalf of the Government of Andhra Pradesh in connection with the Government's wholesale and retail trade in alcohol, merchant, distributor, consignor, jobber, broker, trustees, attorneys, concessionaire or otherwise to deal in all kinds of alcohol and all other beverages and mineral waters suitable for human consumption.

To carry on the business as manufacturer, purchaser, producer, processor, grower, fermentator, distiller, refiner, maker. Inventor, convertor, importer, exporter, indenter, bottler, trader, buyer, seller, retailer, wholesale supplier, packer, mover. Preserver, stockiest, representative or agent, sub-agent, commission agent, more particularly as an agent for the Government of Andhra Pradesh in connection with the Government's wholesale and retail trade in alcohol, merchant, distributor, consignor, jobber, broker, trustees, attorneys, concessionaire or otherwise to deal in rectified spirits, all kinds of alcohol and other spirits suitable for industrial use.

Clause 3 has been inserted in the Main Objects clause of the Company, with effect from 9 September 2021 as under:

"3. To utilise its income exclusively to promote the interests of the members of scheduled castes, scheduled tribes and backward classes in the state of Andhra Pradesh by implementation of various welfare schemes entrusted to the Corporation under the Act, i.e. the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor Act 1993."

"AN ORDINANCE FURTHER TO AMEND THE ANDHRA PRADESH REGULATION OF TRADE IN INDIAN MADE FOREIGN LIQUOR, FOREIGN LIQUOR) ACT, 1993.

Whereas, the Andhra Pradesh State Beverages Corporation Limited is a Government company registered under the provisions of the Companies Act, 2013 and bearing CIN U15400AP2015SGC097161 in the year 2015 which is now conferred the exclusive privilege of selling by whole sale and by Shop for the whole of Andhra Pradesh under sections 4(1) and 6(1) of the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993 vide Act No. 23 of 2019;

And Whereas, by the Act No.31 of 2021, the Andhra Pradesh State Beverages Corporation Limited has been conferred upon the statutory status to implement welfare programmes to benefit the members of scheduled castes, scheduled tribes and backward classes, as a part of its main objects, as detailed in Chapter-II of the A.P. (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993 and is mandated to utilize its income exclusively to promote the interests of the members of scheduled castes, scheduled tribes and backward classes in the State of Andhra Pradesh by implementation of various welfare schemes entrusted to the Corporation under this Act;

And whereas, to achieve the above object in view, it is decided to amend the A.P. (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993 to bring out the proposed changes. Further, since, orders specifying the Special Margin have been issued vide G.O.Ms.No.313 Revenue (Excise) Dept, dt.09.11.2021, it is decided to amend the said Act retrospectively w.e.f. 9th November, 2021;

And whereas, the Legislature of the State of Andhra Pradesh is not now in session and the Governor of Andhra Pradesh is satisfied that circumstances exist which render it necessary for him to take immediate action;

Now, therefore, in exercise of the powers conferred by clause (1) of Article 213 of the Constitution of India, the Governor of Andhra Pradesh hereby promulgates the following Ordinance:-

1. (1) This Ordinance may be called the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) (Amendment) Ordinance, 2022. '

(2) It shall be deemed to have come into force with effect on and from the 9th November, 2021.

2. In the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993, (hereinafter referred to as principal Act), in section 2, after sub-section (2), the following shall be inserted, namely,-

“(2-A) ‘Levy’ means, Levy shall include Privilege Fee, and any other Levy by whatever name called, but shall not include Margin (Trade Margin, Special Margin or by whatever name called).”.

3. In the Principal Act, in section 4-A, (i) section 4-A shall be renumbered as section 4-A(I), and the words “trade margin” shall be omitted.

(ii) after re-numbered as 4-A(I), the following sub section shall be added, namely,-

“(2) It shall be competent for the Government to prescribe the rates of trade margin or special margin which shall be collected by the Corporation during the course of its business of sale of liquor to retail consumers and other licensees. The amounts so collected shall be the income of the Corporation.”.

4. In the principal Act, in section 4-B, for the expression “4-A”, the expression “4-A(I)” shall be substituted.

The Company will incur substantial amounts towards implementation of socio-economic projects for the benefit of the members of scheduled castes, scheduled tribes and backward classes in the state of Andhra Pradesh. These welfare schemes entrusted to the Corporation under welfare schemes entrusted to the Corporation under the Act, i.e. the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor Act) 1993. The projects expenses would be capital and revenue in nature and could have enduring benefit over a period of time to the beneficiary. The Company could consider borrowing money from financial institutions to fund such project expenses.

Further, we have been provided with the draft guarantee deed proposed amongst the parties, The Government of Andhra Pradesh, APSBCL (“the Company”) and the Debenture trustee. An extract from the deed, conveying the proposed undertakings by the Government of Andhra Pradesh is as follows

The Guarantor (Government of Andhra Pradesh) hereby unconditionally and irrevocably undertakes from the date of this Agreement and until the Final Settlement Date that:

- (a) it shall not amend/alter/modify or discontinue the existing distribution policy of alcoholic beverages in the State of Andhra Pradesh or impose total / partial prohibition on alcoholic beverages in any part of the State of Andhra Pradesh;
- (b) it shall not withdraw the [Net Revenue] from the Net Revenue Receipt Account or change the pricing policy of alcoholic beverages in any manner that would adversely impact the [Special Margin] to a level that Issuer is not able to maintain a Debt Service Coverage Ratio on its aggregate borrowing at a level of 1.5 times on a sustained basis;

- (c) it shall maintain 100% (one hundred percent) shareholding in the Issuer and shall continue to have Control over the Issuer
- (d) It shall retain the Issuer as the sole distributor of alcoholic beverages in the State of Andhra Pradesh and the Net Revenue shall continue to accrue to the Issuer;

We are given to understand that based on the draft guarantee deed, the Government of Andhra Pradesh has permitted the Company to operate the entire retail supply business in the State of Andhra Pradesh and has also enabled the company to recover from the consumers, a special margin. The special margin is interconnected to the Company spending money on socio-economic activity for the benefit of the members of scheduled castes, scheduled tribes and backward classes in the State. There may be significant expenditure on the socio-economic activity and hence the Company may consider borrowings to fund such expenses. The repayment of such borrowing along with interest thereon would be made from revenue generated from the special margin on sale of liquor as referred to in the draft agreement.

Given the above factual backdrop, we have examined the questions raised and given our point of view, as follows:

Question 1: Since the projects will have enduring benefits for the beneficiaries and the expenditure could be significant the Company may have to borrow funds. Can the Company consider the revenue expenses incurred including interest on borrowings for projects related to implementation of socio-economic projects for the benefit of the members of scheduled castes, scheduled tribes and backward classes in the state of Andhra Pradesh as deferred revenue expenditure or intangible asset and amortised over a time period?

Guidance Note on Terms Used in Financial Statements issued by the Institute of Chartered Accountants of India defines **Deferred revenue expenditure** refers to expenditure for which payment has been made or a liability incurred but which is carried forward on the presumption that it will be of benefit over a subsequent period or periods.

Example: Suppose a company is introducing a new product to the market and decides to spend a large amount on its advertising in the current accounting period. This marketing spend is supposed to draw benefits beyond the current accounting period in terms of enhanced sales over years and accordingly advertisement expenditure may be considered as deferred revenue expenditure.

Conclusion:

In view of the definition given in the Guidance Note on Terms Used in Financial Statements issued by the Institute of Chartered Accountants of India, the Company could gather evidence to demonstrate that such expenditure on socio-economic activity would result in continuation of the contract with the Government of Andhra Pradesh to recover special margin and this would result in future benefits to the Company i.e. it has control over the revenue generation. We are given to understand that the Government of Andhra Pradesh proposes to undertake as part of the draft guarantee deed that it shall not withdraw the right given to the Company to recover certain special margin thereby ensuring that the debt service coverage ratio does not fall below 1.5 times. The Company could measure the elements/components of costs

incurred for various projects related to socio-economic activity carried out during the year and identify such costs and track the benefits derived over a period. *Since both conditions could be addressed the Company can consider and recognise such expense as **deferred revenue expenditure**. The Company can ascertain a life based on the revenue estimates and the continuation of the contract with the Government of Andhra Pradesh and accordingly amortise such expenditure.*

Question 2: Since the projects will have enduring benefits for the beneficiaries and the expenditure could be significant the Company may have to borrow funds. The repayment of such borrowings along with interest will be serviced from the revenue earned in the subsequent years from the contract entered into with the Government of Andhra Pradesh. Can the interest on borrowings be amortised over the tenure of the loan/contract with the Government of Andhra Pradesh?

Conclusion:

If the Company is able to identify the expenditure and link the borrowings to the expenditure on socio-economic activity, it could consider and amortize such interest as well over the tenure of the loan/contract with the Government of Andhra Pradesh.

Trust the above clarifies your question. Should you require any further clarification or have further questions, feel free to contact us.

Yours faithfully,

For T. P. Ostwal & Associates LLP
Chartered Accountants


T.P. Ostwal

Partner

Membership No.:030848



Disclaimer:

Our opinion / views expressed herein above are based on the provisions of law as prevailing on the date of this opinion and are based on our understanding of the facts of the case, the applicable provisions of Income-tax Act, 1961 and the rules issued thereunder. Any subsequent change in law may have implications on our opinion expressed herein and may necessitate a review. We are not obliged to carry out such review unless requested to do so as per our applicable terms of engagement.

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The determination of whether or not a particular transaction structure should be implemented is the sole responsibility of the Client's management. The accounting for the transaction as per the applicable reporting GAAP is the responsibility of the management of the Client. We make no representation regarding the sufficiency of our work either for purposes for which this analysis has been requested or for any other purposes. The sufficiency of work we performed is solely the responsibility of the Client, as are many decisions with respect to the proposed transaction/accounting treatment. If the Client's management intends to use our work as an important factor considering considered in reaching a decision on the application of accounting principles to a specific transaction, you will provide promptly inform us of such fact, which may require us to perform additional work, which may include discussions with your independent auditors.

Annexure 3

GOVERNMENT OF ANDHRA PRADESH ABSTRACT

Prohibition & Excise Department – Government's avowed policy of reducing consumption levels of alcohol in the State – VAT on liquor rationalised – Keeping MRPs of liquor intact in tune with the Government policy of reduction in consumption of liquor – Orders - Issued.

REVENUE(EXCISE)DEPARTMENT

G.O.Ms.No. 313

Dated: 09.11.2021
Read the following:

1. G.O.Ms.No.312, Revenue (CT-II) Department, Dated:09.11.2021.
2. E-office file No REV04-24026(32)/10/2021-AM2-APSBCL received from the MD, APSBCL.

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ORDER:

The Government of Andhra Pradesh, by an avowed policy, is committed to reduction in the levels of alcohol consumption in the state, with a view to improve the physical quality of life of its people.

2. Several proactive steps have been taken by the Government in this direction. Notable among them are removal of 43,000 Belt shops spread across various villages throughout the State, dispensing with the Permit Rooms, reduction in the business hours, reduction in the maximum possession limit of intoxicants which a person can possess without license or permit, etc. Further, in order to ensure that there remain no belt shops in any village, the Government removed private people from operating liquor shops.

3. Further, the Government have reduced the retail outlets from (4380) to (2934) i.e., by about 33% to reduce access to availability of liquor and granted exclusive privilege to APSBCL to run these retail outlets in public interest. Furthermore, the Government issued orders to reduce bars by 40% from (840) to (530) which is subjudice.

4. In order to create awareness among the public on the evils of consumption of liquor/intoxicants, the Madya Vimochana Prachara Committee was constituted and awareness programmes are being conducted all over the State.

5. Furthermore, the Government have levied Additional Retail Excise Tax on liquor with a view to reduce consumption of liquor in the State as also keeping in view the objectives of preventing cross-border smuggling of liquor into the State rationalised the same to discourage the people from consumption of liquor in order to ensure a healthy society.

6. In the reference 1st read above, the Government have rationalised VAT on liquor for human consumption to bring about parity in the levy of VAT on liquor with the neighbouring States. It is noted that consequent on the rationalisation, there is an imperative need to ensure that it shall not run contrary to the objectives of the avowed policy of the Government of reducing consumption of liquor. In the reference 2nd read above, the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited has submitted a proposal wherein he has proposed that keeping in view the avowed policy of the

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Government of reducing consumption levels of alcohol in the State, Special Margin may be specified on liquor to keep the existing MRPs of liquor unchanged.

7. The Government after careful consideration of the matter have decided to keep the existing MRPs of liquor unchanged by specifying Special Margin on alcoholic beverages.

8. Therefore, in exercise of the powers conferred by section 4-A of the Andhra Pradesh (Regulation of trade in Indian made Foreign Liquor, Foreign Liquor) Act, 1993, the Government in order to ensure that there is reduction in the consumption of liquor, has decided to specify Special Margin at the rates as detailed in the Annexure annexed to this order to be collected from the holders of licences issued under the Andhra Pradesh Excise (Grant of licence of selling by Shop and conditions of licence) Rules, 2019, the Andhra Pradesh Excise (Grant of licence of selling by Bar and conditions of licence) Rules, 2017 and the Andhra Pradesh Excise (Grant of licence of selling by In-house and conditions of licence) Rules, 2005. This would help in effective sustenance of the policy in view of the avowed objectives.

9. These orders shall come into force w.e.f. 10.11.2021.

10. This has got the approval of the Finance Department vide their U.O. Note No.FMUOASD(Revenue)/160/2021, dated:05.11.2021.

11. The Commissioner of Proh. & Excise and the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited, shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT**

To

The Commissioner of Prohibition and Excise, Andhra Pradesh, Vijayawada.
The Commissioner of Distilleries and Breweries & Managing Director,
A.P. State Beverages Corporation Limited, Andhra Pradesh, Vijayawada.
The Chief Commissioner of State Tax, Andhra Pradesh, Vijayawada.

Copy to:

PS to Prl. Secy to Hon'ble CM.
PS to Dy-CM, Revenue (Excise) Dept.
PS to Hon'ble Minister for Finance Dept.
PS to SPL. CS to Govt., Revenue(CT, Excise and R&S) Dept.
SC/SF

//FORWARDED::BY ORDER//

H. S. S. S.
SECTION OFFICER

ANNEXURE

(i)	Description	Point of levy	Rate of Special Margin
	Indian Made Foreign Liquor (other than Beer, Wine and Ready to drink varieties) bottled and/or packed in India as per the provisions of Andhra Pradesh Excise Act, 1968, but excluding Toddy and Arrack	On the Landed cost (Basic Price + Excise Duty)	
	Basic price (per case):		
	(a) Up to Rs.400/-		90%
	(b) Above Rs.400/- up to Rs.2,500/-		130%
	(c) Above Rs.2,500/- up to Rs.3,500/-		105%
	(d) Above Rs.3,500 /- up to Rs.5,000/-		90%
	(e) Above Rs.5,000/-		85%

(ii)	Description	Point of levy	Rate of Special Margin
	Beer bottled and/or packed in India as per the provisions of the Andhra Pradesh Excise Act, 1968	On the Landed cost (Basic Price + Excise Duty)	
	Basic price per case:		
	(a) Rs.200 and below		100%
	(b) Above Rs.200		115%

(iii)	Description	Point of levy	Rate of Special Margin
	(a) Wines	On the Landed cost (Basic Price + Excise Duty)	65%
	(b) Ready to drink varieties (RTD)		100%

Sd/-
Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT

Annexure 4

GOVERNMENT OF ANDHRA PRADESH ABSTRACT

Prohibition & Excise Department - Apportionment of revenue realised from sale of IMFL, FL and Beer through A.P. State Beverages Corporation Limited (APSBCL) Outlets / Bars & In-house licences, Remittance of Excise Duty and Discounting mechanism for early payments – Special Margin prescribed as income for APSBCL - Remittance procedure - Revised orders - Issued.

=====

REVENUE (EXCISE) DEPARTMENT

G.O.Ms.No. 414

**Dated: 27.05.2022.
Read the following:-**

1. G.O.Ms.No.394 Revenue (Excise-II) Dept. dated 21.10.2015
2. Govt. Memo No.31022/1/2018.Exc.II Dt.02.06.2018.
3. G.O.Ms.No.100 Revenue (Excise-II) Dept. dated 31.03.2020.
4. G.O.Ms.No.273 Revenue (Excise) Dept. dated 18.09.2020.
5. From the Commissioner of Distilleries & Breweries and the M.D., APSBCL, Vijayawada, Lr.No.APSBCL/F&A/Bank Loan/2019-2020 Dt.01.10.2020.
6. G.O.Ms.No.294, Revenue (Excise) Dept. dated 01.10.2020, r/w GO Ms.No.62, Rev (Excise) Dept, dated 09.03.2021.
7. GO Ms No .313 Revenue (Excise) Department Dt:09-11-2021.
8. Act No.9/2022, dated 26.04.2022.
9. From the CDB&MD, APSBCL e-office File No: REV04-24026/16/ 2022-MNGR-FA-APSBCL, file Computer No: 1736213.

* * * *

ORDER:-

The Government has taken continuous steps to streamline the process of revenue collection and remittances in order to make revenue collections/remittance significantly simpler, transparent and accountable.

2. The Government have reviewed the present system of collection and remittance in the Prohibition and Excise Department and to improve the systemic efficiency, the following orders are issued in respect of A.P. State Beverages Corporation Limited (APSBCL) Outlets/ Bars & In-house Licences. Further, the Government has prescribed Special Margin as income to the A.P. State Beverages Corporation Limited in the reference 2nd read above as per the provisions of A.P. (Regulations of Trade in IMFL, FL) (Amendment) Act, 2022 vide reference 3rd read above. In supersession of the orders issued in the reference 1st read above, the Government hereby issue the following orders.

APSBCL OUTLETS:

a. The daily sale value realised in each of the APSBCL outlet shall be apportioned at day closure by the shop supervisor utilising APSBCL Software among the following components as per the norms stipulated in the references read above:

P.T.O

Sl. No.	Component
1	Excise Duty (ED)/Countervailing Duty
2	Value Added Tax (VAT)
3	Additional Excise Duty (AED)
4	Retail Excise Tax (RET) – 4% of Issue Price
5	Additional Retail Excise Tax (ARET)
6	Assessment Fee
7	Transfer to APSBCL Bank Account held with Bank of Baroda bearing Account No. 26360200007893 INR and titled as "A.P. State Beverages Corporation Limited Net Revenue Receipt Account" the components of Basic Price + Rounding off MRP (Addl. Privilege fee) + Rounding off of Issue Price (Spl. Privilege fee) + APSBCL Margin (6% of issue price) + APSBCL wholesale trade margin + Special Margin as referred to in G.O.Ms.No.313, Revenue (Excise) Department dated:09.11.2021 (collectively referred to as "Net Revenue").

b. The daily sale value shall be remitted by the shop supervisor on the next working day through the tagged SBI Bank branch by way of challan.

c. The aforesaid amount shall be transferred by the concerned bank branch duly utilising SBI Software which is integrated with CFMS Application, to the following Heads of Accounts/Bank Account(s):

Component	HOA Code
ED/Countervailing Duty	0039001030001000000VN
VAT	0040001020006000000VN
AED	0039001050001000000VN
RET	0039001050097000000VN
ARET	0039001050098000000VN
Assessment Fee	0039008000082000000VN
APSBCL Bank A/c	A/c No. 26360200007405 IFSC: BARB0BENVIJ
Net Revenue	Account No. 26360200007893 INR IFSC: BARB0BENVIJ

BARS & IN-HOUSE LICENCES:

d. The invoice value raised by the Bars and In-house licensees shall be apportioned by the APSBCL Software among the following components as per the norms stipulated in the references read above:

Contd...3

Sl. No.	Component
1	Excise Duty (ED)
2	Value Added Tax (VAT)
3	Additional Excise Duty (AED)
4	Additional Retail Excise Tax (ARET) – Bar & In-house
5	Assessment Fee
6	Transfer to APSBCL Bank Account held with Bank of Baroda bearing Account No. 26360200007893 INR and titled as "A.P. State Beverages Corporation Limited Net Revenue Receipt Account" the components of Basic Price + Rounding off MRP (Addl. Privilege fee) + Rounding off of Issue Price (Spl. Privilege fee) + APSBCL Margin (6% of issue price) + APSBCL wholesale trade margin + Special Margin as referred to in G.O.Ms.No.313, Revenue (Excise) Department dated:09.11.2021 (collectively referred to as "Net Revenue").

e. The aforesaid invoice value shall be remitted online by the concerned Bars and In-house licensees using the CFMS Application, to the following Heads of Accounts/Bank Account(s):

Component	HOA Code
ED / Countervailing Duty	0039001030001000000VN
VAT	0040001020006000000VN
AED	0039001050001000000VN
ARET (Bar & In-house)	0039001050098001000VN
Assessment Fee	0039008000082000000VN
APSBCL Bank A/c	A/c No. 26360200007405 IFSC:BARB0BENVIJ
Net Revenue	Account No. 26360200007893 INR IFSC: BARB0BENVIJ

EXCISE DUTY (ED) :

f. Excise Duty (ED) / Countervailing Duty as per the prescribed slabs as mentioned in the reference 1st read above, shall be remitted by the suppliers before dispatch of consignment to the APSBCL Escrow Account No: 26360200007784; IFSC:BARB0BENVIJ by online transfer.

SPECIAL PRIVILEGE FEE and ADDL. PRIVILEGE FEE:

g. The Managing Director (MD), APSBCL shall transfer the Spl. Privilege Fee and Addl. Privilege Fee @5% to the Sports Authority of Andhra Pradesh (SAAP) and @95% to the Chief Minister's Relief Fund (CMRF) through online transfer to their respective bank accounts by 5th of every succeeding month.

SUPPLIER PAYMENT:

h. The MD, APSBCL shall make online payment of the Landed Cost (Basic Price + Excise Duty / Countervailing Duty) to the IMFL/Beer Suppliers from the APSBCL Bank Account to the concerned supplier's bank account on a daily basis as per the following discounting mechanism for early payments:

Discount %	Payment periodicity
3%	Within 2 working days after date of sale
2.5%	3 to 5 working days after date of sale
2%	6 to 10 working days after date of sale
1.5%	11 to 15 working days after date of sale
1%	16 to 30 working days after date of sale
0.5%	31 to 45 working days after date of sale
0%	Above 45 working days after date of sale

i. APSBCL is permitted to retain the cash discounts accrued on account of the above discounting mechanism and also the interest earned on Excise Duty (ED) remitted in advance to the APSBCL account for servicing the Loan(s) availed by APSBCL.

SPECIAL MARGIN

j. The APSBCL is permitted to retain the amounts realized as Special Margin during the course of its business of sale of liquor to retail consumers and other licensees as APSBCL's own income.

3. In case of short fall in meeting the expenditure towards retailing operations of APSBCL, the Government will provide necessary support.

4. The above orders shall come into force from 27.05.2022.

5. The Commissioner of Prohibition & Excise and the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited shall take further necessary action accordingly in the matter.

6. The order issues with the concurrence of the Finance (Budget) Department vide their U.O.No.FMUOASD)REV)/111/2022, (C.No.1737918), dt:27.05.2022.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To

The Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited, Vijayawada.

The Commissioner of Prohibition & Excise, A.P., Vijayawada.

Copy to:

The P.S. to Dy. C.M. (Excise)

The P.S. to Special Chief Secretary to Govt., Revenue (P&E, R&S).

SF/SC.

// FORWARDED :: BY ORDER //


SECTION OFFICER



ఆంధ్రప్రదేశ్ రాజపత్రము
THE ANDHRA PRADESH GAZETTE
PART IV-B EXTRAORDINARY
PUBLISHED BY AUTHORITY

No. 9] AMARAVATI, TUESDAY, 26th APRIL, 2022.

**ANDHRA PRADESH ACTS, ORDINANCES AND
REGULATIONS Etc.,**

The following Act of the Andhra Pradesh Legislature received the assent of the Governor on the 8th April, 2022 and the said assent is hereby first published on the 26th April, 2022 in the Andhra Pradesh Gazette for general information :

ACT No. 9 of 2022.

**AN ACT FURTHER TO AMEND THE ANDHRA PRADESH (REGULATION OF
TRADE IN INDIAN MADE FOREIGN LIQUOR, FOREIGN LIQUOR) ACT, 1993.**

Be it enacted by the legislature of the State of Andhra Pradesh in the seventy-third Year of the Republic of India as follows:-

1. (1) This Act may be called the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) (Amendment) Act, 2022.
- (2) It shall be deemed to have come into force with effect on and from the 9th November, 2021,
2. In the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993, (hereinafter referred to as Principal Act), in section 2, after sub-section (2), the following shall be inserted, namely,-

Short title and Commencement.

Insertion of new sub-section (2-A). Act 15 of 1993.

"(2-A) "Levy" means, Levy shall include Privilege Fee, and any other Levy by whatever name called, but shall not include Margin (Trade Margin, Special Margin or by whatever name called)."

Amendment of
Section 4-A.

3. In the Principal Act, in section 4-A,

- (i) the existing section 4-A shall be renumbered as section 4-A(1), and the words "trade margin" shall be omitted.
- (ii) after re-numbered as 4-A(1), the following sub-section shall be added, namely,-

"(2) It shall be competent for the Government to prescribe the rates of trade margin or special margin which shall be collected by the Corporation during the course of its business of sale of liquor to retail consumers and other licensees. The amounts so collected shall be the income of the Corporation."

Amendment of
Section 4-B.

4. In the Principal Act, in section 4-B, for the expression "4-A", the expression "4-A(1)" shall be substituted.

Repeal and
savings.
Ordinance No.3
of 2022.

- (1) The Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) (Amendment) Ordinance, 2022, is hereby repealed.
- (2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under this Act.

VADDADI SUNITHA,
Secretary to Government (FAC),
Legal and Legislative Affairs & Justice,
Law Department.

S J Lahoti & Co.

Chartered Accountants

Date: 30/10/2024

To,
Beacon Trusteeship Limited
5W, 5th Floor, The Metropolitan,
Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India, 400051.

Sub: Certificate for security cover ratio

As per the records and documents made available to us by Andhra Pradesh State Beverages Corporation Limited having PAN AANCA8537G and CIN U15400AP2015SGC097161, has allotted and outstanding 1,00,050 no. of Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Debentures (NCD) of Rs.10 Lakh each aggregating to Rs. 10,005 Crores and out of which Secured Rated, Listed, Redeemable, Taxable, Non-Convertible Debentures aggregating to Rs. 8,089.00 Crores and accrued interest of Rs. 63.59 Crores are outstanding based on the unaudited financial statements of 30 June 2024.

Accordingly, we hereby certify that the security cover ratio is 1.15 (refer 'Annexure I') based on the unaudited financial statements as on 30 June 2024.

For S J Lahoti & Co.

Chartered Accountants

Firm Registration Number: 139498W

UDIN: 24148813BKABCN6016

Swapnil
Jagdish
Lahoti

Digitally signed by
Swapnil Jagdish
Lahoti
Date: 2024.10.30
18:38:07 +05'30'

Swapnil Lahoti

Proprietor

Membership no. 148813

Date: 30 October 2024

Place: Navi Mumbai

Annexure I:
(Rs in crores)

Column A	Column B	Column C ⁱ	Column D ⁱⁱ	Column E ⁱⁱⁱ	Column F ^{iv}	Column G ^v	Column H ^{vi}	Column I ^{vii}	Column J	Column K	Column L	Column M	Column N	Column O
Particulars		Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
	Description of asset for which this certificate relate	Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari- Passu charge (excluding items covered in column F)		debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets ^{viii}	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L+M+ N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value								
ASSETS														
Property, Plant and Equipment		-	-	No	-	-	24.54	-	24.54	-	-	-	-	-
Capital Work-in-Progress		-	-	No	-	-	6.08	-	6.08	-	-	-	-	-
Right of Use Assets		-	-	No	-	-	-	-	-	-	-	-	-	-
Goodwill		-	-	No	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	No	-	-	-	-	-	-	-	-	-	-
Intangible Assets under Development		-	-	No	-	-	-	-	-	-	-	-	-	-
Investments		-	-	No	-	-	-	-	-	-	-	-	-	-
Loans		-	-	No	-	-	-	-	-	-	-	-	-	-
Inventories		-	-	No	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-	No	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents		19.67	2.98	No	-	-	1040.75	-	1,063.40	-	19.67(Refer Note-1)	-	-	19.67
Bank Balances other than Cash and Cash Equivalents		1,261.23	174.69	No	-	-	20.89	-	1,456.81	-	1,261.23(Refer Note-1)	-	-	1,261.23
Others	Deferred Revenue Expenditure and Accrued interest from Fixed Deposits	8,124.19	3145.50	No	-	-	2211.61	-	13,481.30	-	8,124.19(Refer Note-1)	-	-	8,124.19
Total		9,405.10	3,323.17	-	-	-	3,303.87	-	16,032.13	-	9,405.10	-	-	9,405.10
LIABILITIES														
Debt securities to which this certificate pertains	Secured, Rated, Listed, Redeemable, Taxable, NCDs (including accrued interest)	8,152.61		-	-	-	-	-	8,152.61	-	8,152.61	-	-	8,152.61
Other debt sharing pari-passu charge with above debt	Secured, Rated, Unlisted, Redeemable, Taxable, NCDs (including accrued interest)		3,165.72	-	-	-	-	-	3,165.72	-			-	-
Other Debt				-	-	-	-	-	-	-	-	-	-	-
Subordinated debt				-	-	-	-	-	-	-	-	-	-	-
Borrowings				-	-	-	-	-	-	-	-	-	-	-
Bank				-	-	-	-	-	-	-	-	-	-	-
Debt Securities				-	-	-	-	-	-	-	-	-	-	-
Others				-	-	-	-	-	-	-	-	-	-	-
Trade payables				-	-	-	-	-	-	-	-	-	-	-
Lease Liabilities				-	-	-	-	-	-	-	-	-	-	-
Provisions				-	-	-	-	-	-	-	-	-	-	-
Others				-	-	-	-	-	-	-	-	-	-	-
Total		8,152.61	3,165.72	-	-	-	-	-	11,318.33	-	8,152.61	-	-	8,152.61
Cover on Book Value		1.15	1.05											
Cover on Market Value ^{ix}											1.15			1.15
		Exclusive Security Cover Ratio	1.15		Pari-Passu Security Cover Ratio									

Note 1:

Attention is drawn to the fact that the management of Andhra Pradesh State Beverages Corporation Limited ("the company") have not ascertained the market values for the asset offered as security as on 30 June 2024. However, the management of the company has given a justification stating that the market values are not ascertainable and hence the carrying value/book value are provided for the assets offered as security.

SR. No	ISIN (series I)	ISIN (series II)
1	INE0M2307057	INE0M2307123
2	INE0M2307040	INE0M2307131
3	INE0M2307107	INE0M2307149
4	INE0M2307032	INE0M2307156
5	INE0M2307065	INE0M2307164
6	INE0M2307073	INE0M2307180
7	INE0M2307081	INE0M2307172
8	INE0M2307099	INE0M2307198
9	-	INE0M2307206