

**Form 1**

**BEFORE THE KERALA STATE ELECTRICITY REGULATORY COMMISSION**

Petition No :

In the Matter of :

Turing up of Income and Expenditure for the years 2019-20 under the Kerala State Electricity Regulatory Commission (Terms And Condition for determination of Tariff) Regulation,2018 and under the KSERC (Conduct of Business) Regulation,2018.

Name(s) and Full address (es) of the Petitioner(s) /Applicant(s) :

SmartCity (Kochi) Infrastructure Pvt Ltd  
SmartCity Pavilion  
Brahmapuram P.O  
Kakkanad, Kochi – 682303

Name(s) and full address (es) of Respondent(s) :

Nil



A handwritten signature in black ink, appearing to read "Jinu John Jacob".

**Jinu John Jacob**  
Company Secretary

**SmartCity (Kochi) Infrastructure Pvt Ltd**

**BEFORE THE KERALA STATE ELECTRICITY REGULATORY COMMISSION**

Petition No : .

In the matter of : .

Turing up of Income and Expenditure for the year 2019-20 under the Kerala State Electricity Regulatory Commission (Terms And Condition for determination of Tariff) Regulation,2018 and under the KSERC (Conduct of Business) Regulation,2018.

Name(s) and Full address (es) of the Petitioner(s) / name(s) and full address (es) of the respondent(s)

SmartCity (Kochi) Infrastructure Pvt Ltd  
SmartCity Pavilion  
Brahmapuram P.O  
Kakkanad, Kochi – 682303


Nil

**Affidavit verifying the Application Accompanying filing of truing up petition for the year 2019-20.**

I, **Mr.Jinu John Jacob**,S/o.Shri.John Jacob, aged 49 years residing at Kuzhithattil House, No.9, Eastern Villas, T.V.Centre.Road,Kakkanad-682037 do solemnly affirm and state as follows:

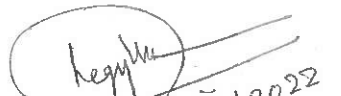
1. I am the **Company Secretary of SmartCity (Kochi) Infrastructure Pvt Ltd**, Kakkanad, Kochi – 682 303 and the Petitioner in the above matter and I am duly authorized to make this affidavit on behalf of the SmartCity(Kochi) Infrastructure Pvt Ltd.
2. The statements made in the accompanying petition application are true to my knowledge and the statements made are based on information received and I believe them to be true.

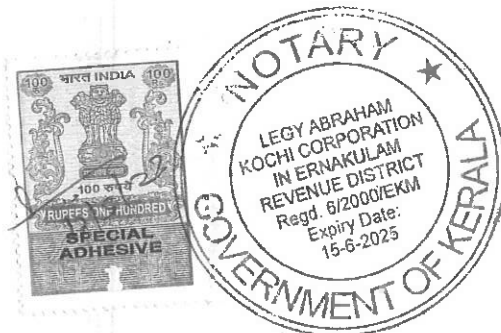
Solemnly affirmed at Kakkanad on this day of 12<sup>th</sup> May Twenty Thousand and Twenty Two that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

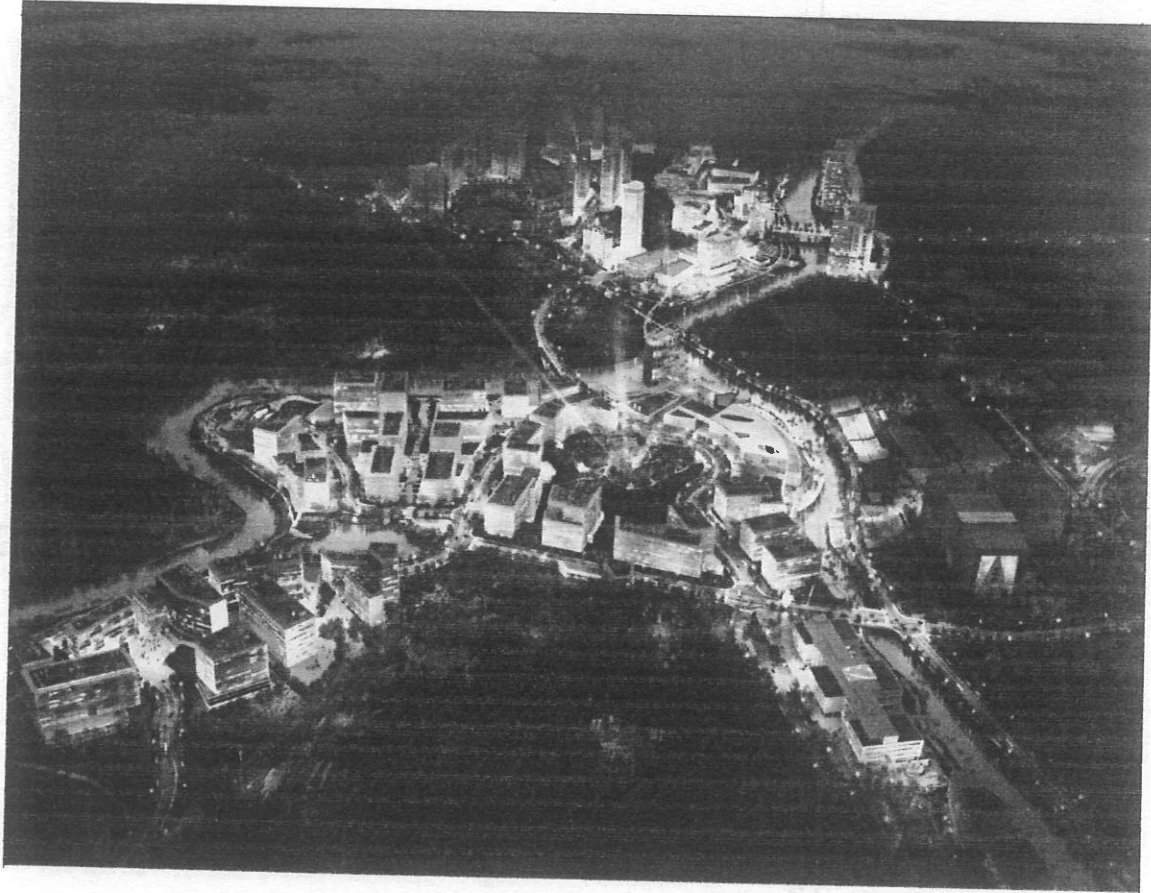


**Jinu John Jacob**  
Company Secretary  
SmartCity (Kochi) Infrastructure Pvt Ltd

Solemnly affirmed and signed before me.

  
12/5/2022  
**LEGY ABRAHAM**  
NOTARY - Regd: 6/2000/EKM  
MARKET ROAD NORTH  
ERNAKULAM, KOCHI-682 013





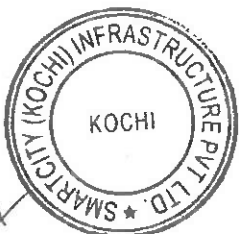
SMARTCITY (KOCHI) INFRASTRUCTURE PVT LTD POWER LICENSEE -  
TRUING UP PETITION FOR 2019-20

SMARTCITY (KOCHI) INFRASTRUCTURE PVT LTD

SmartCity Pavilion

Brahmapuram P.O.

Kochi-682 303





**BEFORE THE KERALA STATE ELECTRICITY REGULATORY COMMISSION**

**In the matter of:** Truing up of Revenue and Expenditure of M/s.SmartCity (Kochi) Infrastructure Pvt Ltd for the year 2019-20

**Applicant** : M/s.SmartCity (Kochi) Infrastructure Pvt Ltd  
SmartCity Pavilion, Brahmapuram (PO)

The Applicant humbly submits the following details for the favourable consideration of the Hon.Commission.

**I. Introduction:**

1.1. M/s. SmartCity (Kochi) Infrastructure Pvt (SCK) had filed the petition for the approval of ARR & ERC for the control period from 2018-19 to 2021-22 as per the Tariff Regulation 2018 in the Multi Year Tariff Framework on 30-10-2018 before the Hon.Commission. In the ARR & ERC petition, for the year 2019-20, SCK had proposed an Aggregate Revenue Requirement (ARR) of Rs. 879.35 Lakhs, Expected Revenue from Charges (ERC) of Rs. 751.53 Lakhs and Revenue Gap of Rs. 127.82 Lakhs as Deficit for the year 2019-20. As against SCK projection, the Hon. Commission vide order dated 08th November 2019 had approved an Aggregate Revenue Requirement (ARR) of Rs. 565.91 Lakhs, Expected Revenue from Charges (ERC) of Rs. 611.27 Lakhs and Revenue surplus of Rs. 45.36 Lakhs.

1.2 Below table compares approved value, actual value of the revenue and expenditure of the licensee as per the audited accounts of the distribution business

Particulars	Approved In ARR (In Lakh)	Truing up petition (in Lakh)
Revenue from sale of power	604.91	388.90
Other income	6.36	11.142
<b>Total Income</b>	<b>611.27</b>	<b>400.042</b>



Purchase of Power	520.78	348.283
R&M Expense		19.511
Employee cost	45.13	13.720
A&G Expense		4.118
Interest and financing charges	-	88.725
Depreciation	-	58.576
Return on Equity	-	54.60
<b>Total Expenditure</b>	<b>565.91</b>	<b>587.534</b>
<b>Revenue (Gap)/surplus</b>	<b>45.36</b>	<b>(187.492)</b>

## II. Sale of Power

Category wise consumer numbers, sale of power projected, approved and actual tabulated below.

Tariff Category	Number of Consumers		Energy Sales (Lakh Units)		
	Projected	Actual	Projected	Actual	Variation
LT IV (B)	30	24	26.80	16.84	(9.96)
LT VI (F)	5	26	4.96	6.62	1.66
LT III (A)				0.36	0.36
HT I (B)	1	1	10.58	14.56	3.98
HT II (B)	2	2	32.89	5.83	(27.06)
<b>Total</b>	<b>38</b>	<b>53</b>	<b>75.22</b>	<b>44.21</b>	<b>(31.01)</b>

Licensee estimated a sale of energy of 75.22 Lakh unit based on the 2018-19 estimation. The total number of consumers increased from the projected figure, but the sale of power not increased as expected due to delay in leasing out of office spaces and starting of operation from the leased out space.

Major variation in LT (IV)B and HT II(B) categories, which is due to delay in full swing operations from the offices.

### III. Purchase of Power

The comparison of the power purchase cost approved by the Hon. Commission in the MYT ARR order and the actual incurred by the licensee during the year 2019-20 is detailed as below.

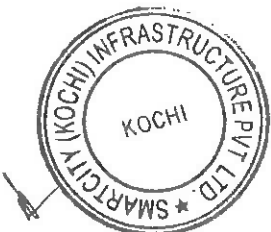
Particulars	Approved in ARR	Actual	Variation
Energy Purchase (Lakh Units)	76.91	46.44	(30.47)
Demand Charges (Rs.in Lakh)	89.10	73.09	(16.01)
Energy Charges (Rs.in Lakh)	431.68	275.19	(156.49)
Total (Rs.in Lakhs)	520.78	348.28	(172.5)

As per ARR the Hon. Commission approved total purchase units of 76.91 Lakh units for purchase cost of Rs.520.78 Lakh. Against this approval Licensee purchased 46.44 Lakh units for purchase cost of Rs.348.28 Lakh. The variation in purchased units and purchase cost is mainly due to the non-increase of the energy consumption as expected.

From April-2019 to August-2019 Licensee availed the power through one number 11 kV feeder from 220kV Brahmapuram substation, KSEBL. This feeder directly feed the power to SCK utility Power substation and distribute the power to the consumers at SCK01 building.

Mean time Licensee commissioned 2 No. s of 33kV substations at licensee area of Land-A & B. This is for strengthening the distribution network of Licensee. By the order from Government of Kerala, SmartCity availed 33 KV incoming Power from Infopark Substation. SmartCity signed Power Purchase agreement for 3000 kVA with KSEBL for availing power through Infopark 220 kV substation with the concurrence of KSERC. PPA attached along with petition.

Since Licensee wheeling power through Infopark network, as per PPA executed following additional charges included in the bulk purchase cost.



1. Wheeling charge as per KSERC approved rate.
2. Sharing of Infopark Losses in Energy and Demand.

As the power requirement inside the Licensee area start rising, Licensee revised the Contract demand to 3000 kVA from 1500 kVA from September-2019 onwards. Power Purchase cost before and after energization of 33 kV substations tabulated below.

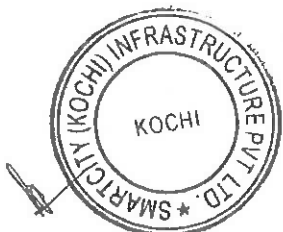
description	April-2019 to August-2019	September 2019-March 2020
Demand Charge (In Lakh)	19.54	53.55
Energy Charge (In Lakh) *	104.04	156.55
Wheeling Charge to Infopark (In Lakh)	-	14.60
Total Cost (In Lakh)	<b>123.58</b>	<b>224.70</b>
Total Power Purchase Cost (In Lakh)	<b>348.28</b>	

\*Energy charge include 4.5% infopark loss component as per PPA.

### Solar Generation

SmartCity has commissioned grid connected solar plant of capacity 564.46 kWp consists of 2 units with individual capacity of 475 kWp ( Roof top of SCK01 building) 89.46 kWp (Bike parking roof). These plants installed at SCK01 in opex model. Hence the electricity injected to the distribution network from solar plant is treated as the power generated by a prosumer which may be dealt with the relevant provision of "Kerala State Electricity Regulatory Commission ( Renewable Energy and Net metering) Regulation 2020.

During the reported period the solar plant has generated 3,74,572 units of energy and which was used its own use for Common area lighting, Common area loads like lifts, pumps, HVAC units etc.



#### IV Operation & Maintenance Expense

Table attached operation & maintenance cost projected, Approved by commission and Actual.

Particulars	Approved (Rs.in Lakh)	Actual (Rs.in Lakh)	Variation (Rs In Lakh)
Employee Expenses	20.60	13.72	(6.88)
A&G Expenses	12.59	4.118	(8.47)
R&M Expenses	11.94	19.51	7.57
Total	45.13	37.348	(7.78)

#### a. Employee Cost:

Following employees considered for Licensee operation at SmartCity.

Sl.No.	Name & Designation	Qualification
1	Ranjithlal K L (Assistant Director- Asset & Infrastructure)	B. Tech- Electrical & Electronics
2	Renjith. R (Deputy Manager-MEP)	B.E- Electrical & Electronics
3	Anoop Xaviour	B.Com

Considered above employees utilized 50% of the man hours for Licensee business.

Details of the salary drawn is mentioned in below table. (in Rs)

Particulars	Ranjithlal K L	Renjith R	Anoop Xaviour
Basic Pay	5,52,000.00	2,90,000.00	3,84,000.00
HRA	4,44,000.00	1,14,000.00	2,24,400.00
Conveyance	1,44,000.00	1,24,000.00	68,400.00



Children Education Allowance	1,92,000.00	68,000.00	1,06,800.00
Other Allowances	1,86,000.00	81,000.00	74,400.00
PF_Employer Contr.	69,662.40	36,598.00	48,460.80
Gratuity	22,926.96	12,044.96	15,949.19
Medical Insurance / Expenses	16,748.75	7,480.59	9,466.68
Life Insurance / Expenses	6,409.51	2,862.72	3,622.77
Total	1633747.61	735986.26	935499.44
Grand Total		33,05,233.31	
Staff cost capitalized		-5,61,176.00	
Balance		27,44,057.33	
50% of the salary considered for Licensee		<b>13,72,028.72</b>	

**b. Administration & General Expense:**

Details of Administration & General Expense are tabulated below.

S. No.	Particulars	Exp. As per IGAAP	Apportionment %	Electri. Book
1	Insurance	90,438.42	100%	90,438.42
2	Telephone & Postage, etc.	1,14,744.88	15%	17,211.73
3	Audit Fees	20,000.00	100%	20,000.00
4	Periodical Inspection charges	1,375.00	100%	1,375.00
5	Water charges	94,610.00	10%	9,461.00
6	Printing & Stationery	86,325.86	15%	12,948.88
7	Bank Charges	1,53,805.00	100%	1,53,805.00
8	Office Expenses	4,67,988.00	15%	70,198.20
9	License Fee and other related fee	12,780.68	100%	12,780.68
10	V-sat, Internet and related charges	1,35,000.00	15%	20,250.00

11	Books & periodicals	2,720.00	15%	408.00
12	Computer Stationery	2,930.00	100%	2,930.00
13	Gross A&G Expenses	<b>45,75,421.65</b>		<b>4,11,806.91</b>

Conveyance expense, Electricity charges for Registered office, Expense towards outsourcing of metering and billing system, expense towards Security arrangements not considered in A&G expense. Hence reduction from the approved cost.

SCK implemented Prepaid metering system, hence expense towards outsourcing of metering and billing not considered.

In substations 24\*7 operator appointed, hence security at substation not considered.

**c. Repairs & Maintenance Expense:**

Operation and maintenance of the substation and other licensee asset is outsourced, and agency is appointed through competitive bidding process.

Following man powers appointed for the operation & maintenance.

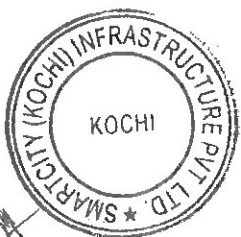
Technical Executive-1

Electricians -4

Housekeeping staffs-2

Description	Amount (Rs in Lakh)
Technical Executive	3.96
Electricians	8.93
HK Staffs	3.75
Total	16.64
Material & Services	2.87
<b>Grand Total</b>	<b>19.51</b>

2 no.s 33 kV substations commissioned on September-2019, Licensee appointed one full time technical executive for overall supervising. Hence variation in R&M cost from the approved.



## V Depreciation

For the year 2019-20 there is an asset addition of Rs.1098.92 for 2 No.s 33 kV substation at Licensee distribution area to strengthen the distribution network.

The depreciation for the year 2019-20 is 58.58 Lakh.

Licensee submitted the capital investment plan vide letter no.SCK/P16-P93/103/2021 dated 22.10.2021, which is under the consideration of Hon. Commission.

## VI Revenue from sale of Power

The Hon. Commission had approved a total sale of 3.32 MU for the year 2018-19.

The actual power sale during the year 2018-19 was 3.27 MU.

The tariff category wise revenue from sale of power during the year 2018-19 is follows

Tariff Category	Revenue from Sales (In Lakh)		
	Approved	Actual	Variation
LT IV (B)	200.01	133.52	(66.49)
LT VI (F)	49.56	67.96	(18.4)
LT III (A)	-	5.04	5.04
HT I (B)	78.31	110.48	32.17
HT II (B)	277.03	71.91	(205.12)
<b>Total</b>	<b>604.91</b>	<b>388.90</b>	<b>(216.01)</b>

## VII Non-Tariff Income

Description	Approved (in Lakh)	Actual (in Lakh)
Non-Tariff Income	6.36	11.142

Following items included in the non-tariff income

Description	Amount in Lakh
Commission for collection of electricity duty	0.189
Interest on security deposits	6.403
Interest collected from Consumers for delay in payment	0.210
Application fee (Renewable Energy)	4.340
Total	11.142

### VIII Distribution Loss

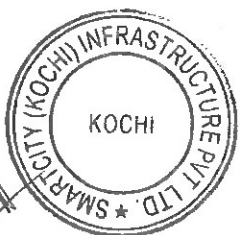
	Approved	Actual	
		April-19-Aug-19	Sep-19- Mar-20
Distribution Loss	2.2%	2.00%	6.72%

Upto August-19 the Licensee taken the power directly from KSEBL at 11 kV voltage level from 220kV Brahmapuram substation.

From September-2019 onwards Licensee 33 kV substation commissioned. Since Infopark 220 kV substation is under utilized, as per the direction from Govt. of Kerala with concurrence of KSERC, Licensee started the availing power through Infopark network. As per the PPA the approved loss component of Infopark shall be shared by SmartCity. The approved distribution loss for Infopark is 4.5%. SmartCity distribution network distribution loss is with in the approved loss, if Infopark loss is not accounted.

### IX Return on Equity

Equity at the beginning of the year 2019-20 is Rs.1300 Lakh and return on equity for equity portion (30%) is Rs.54.60 Lakh.



**X Interest on Normative Loan**

Interest on Normative loan for the year 2019-20 is Rs.88.725 Lakh.

**XII Revenue (Gap) / Surplus**

Particulars	Rs.in Lakh
Total Income	400.042
Total Expenditure	587.534
Revenue (Gap)/surplus	(187.492)

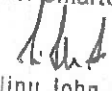
**Prayer**

SmartCity (Kochi) Infrastructure Pvt Ltd request the Hon. Commission that:

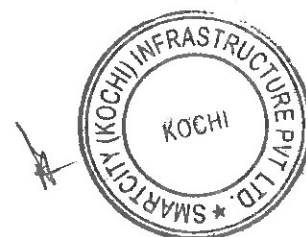
1. Truing up of Income and Expenditure as per the audited accounts for the year 2019-20 with the explanation for the variation may kindly be approved.



For SmartCity (Kochi) Infrastructure Pvt. Ltd.

  
Jinu John Jacob  
Company Secretary

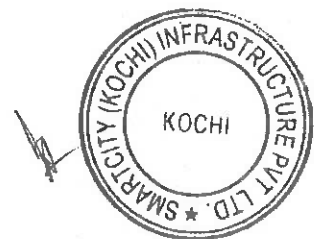
Form D 1.1				
Summary of Aggregate Revenue Requirement				
Name of Distribution Business/Licensee		SmartCity(Kochi) Infrastructure Pvt Ltd		
Licensed Area of Supply		SmartCity(Kochi) Infrastructure Pvt Ltd		
(Rs In Lakh)				
S.No.	Particulars	Reference form no.	2019-20	
			Approved	Actual
1	Cost of own power generation/power purchase	3.1	520.780	348.283
2	Transmission Charges	3.2		
3	NLDC/RLDC/SLDC Charges	3.3		
4	Operation & Maintenance Expenses	3.4	45.131	37.349
4.1	Employee Expenses	3.4	20.6089	13.720
4.2	Annual Contribution for Terminal Liabilities based on actuarial valuation			-
4.3	Administration & General Expenses	3.4	12.5852	4.118
4.4	Repair & Maintenance Expenses	3.4	11.9367	19.511
5	Depreciation	3.5		58.576
6	Interest and finance charges on long term loans	3.6 (b)		88.725
7	Interest on Bonds to meet Terminal Liabilities	3.6		-
8	Interest on Working Capital	3.7		-
9	Interest on consumer security deposits and deposits from Users of the distribution system			-
10	Any other item (to be specified)			-
11	Contribution to contingency reserves			-
12	Provisioning for Bad debts, if any			-
13	Adjustment for profit/loss on account of controllable/uncontrollable factors			-
14	Return on Equity /Net Fixed Assets			54.600
15	<b>Total Revenue Expenditure</b>		565.911	587.534
16	Tax on ROE			
17	<b>Aggregate Revenue Requirement (13+15)</b>			
18	Less: Non Tariff Income		6.3600	11.142
19	Less: Income from wheeling charges	2.2		
20	Less: Income from Other Business (to be specified)			
21	Less: Receipt on account of Cross Subsidy Surcharge on wheeling charges			
22	Less: Receipt on account of additional surcharge on charge of wheeling			
23	<b>Aggregate Revenue Requirement from Retail Tariff</b>		559.551	576.392
24	Revenue from Sale of Power		604.91	388.90
25	Surplus/Deficit		45.36	-187.49



Revenue from Sale of Power		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd			
Name of Distribution Business/License		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd			
Licensed Area of Supply		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd			
Year 2019-20		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd		SmartCity(Kochi) Infrastructure Pvt.Ltd			
S.No	Particulars	Numbers of consumers	Number of consumers billed	Connected Load of consumers	Units Sold (kwh)	Demand/Billed charges In Rs	Energy Charges In Rs	Fuel Adjustment charges@	Total	Remarks													
A) Revenue from sale of Electricity to consumers categories as per Tariff for supply of Electricity																							
LT Categories																							
1	Industrial IT &IT Enabled (LT IV B)	24	24	1300	16,83,656.00	27,07,962.36	1,06,43,737.10		133,52														
2	Construction (LT VII F)	26	26	640	6,61,768.00	10,73,686.83	57,20,325.84		67.96														
3	LT III (B)				35,967.00		5,03,540.36		5.04														
HT Categories																							
1	HT I B	1	1	600	14,55,704.00	25,04,185.00	85,43,505.56		110.48														
2	HT II B	2	2	600	5,83,430.00	32,29,740.83	39,61,287.12		71.91														
Extra High Tension (EHT)																							
1	...																						
2	...																						
3	...																						
Bank Consumers/Licensees																							
1	...																						
2	...																						
Revenue from sale of power outside the State																							
Sale through power exchange																							
Sale to other States																							
Sale through Traders																							
TOTAL											53	44,20,325.00			388.90								
Revenue from sale of power outside the State																							
Sale through power exchange																							
Sale to other States																							
Sale through Traders																							
Total of Items not shown category wise																							
a)	Reactive Energy Charges									18.98													
b)	Electricity Duty Recovery									18.98													
c)	Other state Levies Recovery									18.98													
Total Duty & Levies																							
d)	Waiving charges Recoveries									18.98													
e)	Miscellaneous Charges from Consumers									18.98													
1	...																						
2	...																						
3	...																						
Gross Revenue from Sale of Power																							
Less: i) Electricity Duty Payable to Govt. (Contn)																							
ii) Other State Levies Payable to Govt. (Contn)																							
Net Revenue from Sale of Power																							
											388.9997	407.88											

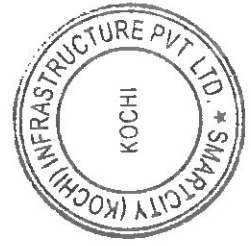


Form D 2.4			
Non-tariff Income			
Name of Distribution Business/Licensee :SmartCity(Kochi) Infrastructure Pvt Ltd			
Licensed Area of Supply:SmartCity(Kochi) Infrastructure Pvt Ltd			
S. No.	Particulars	2019-20 (in Lakh)	
		Approved	Actual
1	Interest on staff loans and advances		
2	Income from statutory investments		
3	Income from trading		
4	Income from rent of land or buildings		
5	Income from sale of scrap		
6	Income from staff welfare activities		
7	Rental from staff quarters		
8	Excess found on physical verification		
9	Interest on security deposits	6.36	6.6131
10	Interest on advances to suppliers/contractors		
11	Income from hire charges from contractors and others		
12	Income due to right of way granted for laying fibre optic cables/co-axial cables on distribution system		
13	Income from advertisements, etc.		
14	Application fee (Renewable Energy)		4.3400
15	Commission for collection of electricity duty		0.1889
16	Interest on delayed or deferred payment of bills		
17	Rebate from Central Generating Stations		
18	Revenue from late payment surcharge		
19	Recovery for theft and pilferage of energy		
20	Meter/metering equipment/service line rentals		
	Total	6.3600	11.1420





		Form D 3.1										
		Power Purchase Expenses										
Name of Distribution Business/ Licensed Area of Supply		SmartCity(Kochi)Infrastructure Pvt Ltd										
		SmartCity(Kochi)Infrastructure Pvt Ltd										
S. No.	Source of Power (Station wise)	Energy received by licensee (Kwh)	Total Annual Fixed charges (Rs)	Capacity Charges paid/ payable by Utility (Rs in Lakh)	Variable Cost per unit including Fuel Price Adjustment(Rs/ kWh)	Total Variable Charges (Rs )	Incentive (Rs In Lakh)	Bank Charges	Total Cost of Energy Received (Rs )	Avg cost of energy received (Rs/kWh)		
1	2	3	4	5	6	7	8	9	10	11		
1	KSEB (19-20) year	46,44,291.000	73.089			275.194			348.283	7.499		
	<b>Total</b>	46,44,291.000	73.089	-	-	275.194	-	-	348.283	7.499		



*[Handwritten signature]*

## Operations and Maintenance Expenses

Name of Distribution Business/Licensee  
Licensed Area of SupplySmartCity(Kochi) Infrastructure Pvt Ltd  
SmartCity(Kochi) Infrastructure Pvt Ltd

## 1 Employee Expenses

(Rs In Lakh)

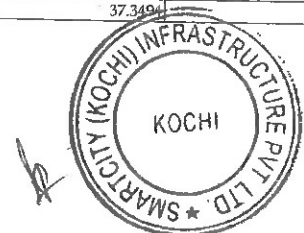
S. No.	Particulars	Reference	2019-20		Remarks
			Approved	Actual	
1	Number of Consumers ('000)				
	Norms (Rs. Lakh/'000 consumers)				
2	Distribution Transformers (no.)				
	Norms (Rs. Lakh/Distribution Transformer)				
3	HT line (km)				
	Norms (Rs. Lakh/km of HT line)				
4	Sales (kWh)				
	Norms (Rs./unit of sales)				
5	Employee Expense (as per norms)				
6	Employee Expense (actuals)	3.4(a)	20.61	13.7203	

## 2 Administrative and General Expenses

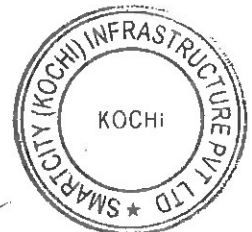
S. No.	Particulars	Reference	2019-20		Remarks
			Approved	Actual	
1	Number of Consumers ('000)				
	Norms (Rs. Lakh/'000 consumers)				
2	Distribution Transformers (no.)				
	Norms (Rs. Lakh/Distribution Transformer)				
3	HT line (km)				
	Norms (Rs. Lakh/km of HT line)				
4	Sales (kWh)				
	Norms (Rs./unit of sales)				
4	A&G Expense (as per norms)				
5	A&G Expense (actuals)	3.4(b)	12.5852	4.1181	

## 3 Repair and Maintenance Expense

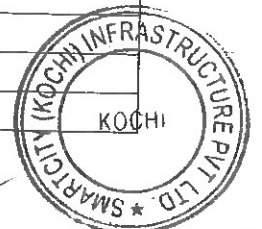
S. No.	Particulars	Reference	2019-20		Remarks
			Approved	Actual	
1	Opening GFA (Rs. Crore)				
	Norms (% of opening GFA)				
2	R&M Expense (as per norms)				
3	R&M Expense (actuals)	3.4(c)	11.9367	19.5111	
B	Name of Distribution Business/Licensee	SmartCity(Kochi) Infrastructure Pvt Ltd			
	Licensed Area of Supply	SmartCity(Kochi) Infrastructure Pvt Ltd			
1	O&M Expenses				
S. No.	Particulars	Reference	2019-20		Remarks
			Approved	Actual	
1	Employee Expenses (as per norms)				
2	R&M Expenses (as per norms)				
3	A&G Expenses (as per norms)				
4	O&M Expense (as per norms) (1+2+3)				
2	O&M Expense (actuals)	3.4(a),3.4(b), 3.4(c)	45.1308	37.3494	



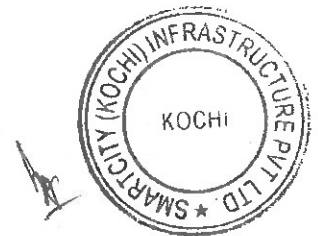
Form D 3.4(a)			
Employee Expenses			
Name of Distribution Business/Licensee: SmartCity(Kochi) Infrastrucrure			
Licensed Area of Supply			(Rs In Lakh)
S. No.	Particulars	2019-20	Remarks
		Actual	
1	Basic Salary	6.1300	
2	Dearness Allowance (DA)		
3	House Rent Allowance	3.9120	
4	Conveyance Allowance	1.6820	
5	Leave Travel Allowance		
6	Earned Leave Encashment		
7	Other Allowances	3.5410	
8	Medical Reimbursement		
9	Overtime Payment		
10	Bonus/Ex-Gratia Payments		
11	Interim Relief / Wage Revision		
12	Staff welfare expenses		
13	VRS Expenses/Retrenchment Compensation		
14	Commission to Directors		
15	Training Expenses		
16	Payment under Workmen's Compensation Act		
17	Net Employee Costs	15.2650	
18	Terminal Benefits		
18.1	Provident Fund Contribution	0.7736	
18.2	Provision for PF Fund		
18.3	Pension Payments		
18.4	Gratuity Payment	0.2546	
19	Others (Personal Accident)	0.2330	
20	Gross Employee Expenses	16.5262	
21	Less: Expenses Capitalised	2.8059	
22	Net Employee Expenses	13.7203	



Form D 3.4(b)			
Administrative & General Expenses			
Name of Distribution Business/Licensee			Rs In Lakh
Licensed Area of Supply			
S. No.	Particulars	2019-20	Remarks
		Actual	
1	2	4	5
1	Rent Rates & Taxes		
2	Insurance	0.9044	
3	Telephone & Postage, etc.	0.1721	
4	Legal charges		
5	Audit Fees	0.2000	
6	Consultancy charges		
7	Periodical Inspection charges	0.0138	
8	Conveyance		
9	Vehicle Running Expenses Truck / Delivery Van		
10	Vehicle Hiring Expenses Truck / Delivery Van		
11	Electricity charges		
12	Water charges	0.0946	
13	Entertainment		
14	Fees & subscription		
15	Printing & Stationery	0.1295	
16	Advertisements, exhibition publicity		
17	Contribution/Donations		
18	Training expenses		
19	Miscellaneous Expenses -Taxes		
20	DSM activities		
21	RPO expenses		
22	Sports and related activities		
23	Freight		
24	Purchase Related Advertisement Expenses		
25	Bank Charges	1.5381	
26	Office Expenses	0.7020	
27	License Fee and other related fee	0.1278	
28	Cost of services procured		
29	Outsourcing of metering and billing system		
30	V-sat, Internet and related charges	0.2025	
31	Security arrangements		
32	Books & periodicals	0.0041	
33	Computer Stationery	0.0293	
34	Others -PPA, ARR		
35	Gross A&G Expenses	4.1181	
36	Ele. Duty u/s 3(I), KED Act	2.6940	
37	Less: Expenses Capitalised		
38	Net A&G Expenses	4.1181	



Form D 3.4(c)				
Repair & Maintenance Expenses				
Name of Distribution Business/Licensee		SmartCity(Kochi) Infrastructure Pvt Ltd		Rs In Lakh
Licensed Area of Supply		SmartCity(Kochi) Infrastructure Pvt Ltd		
S. No.	Particulars	Reference	2019-20	Remarks
			Actual	
1	2	3	4	5
1	Plant & Machinery		2.8657	
2	Buildings		-	
3	Civil Works		-	
4	Hydraulic Works		-	
5	Lines & Cable Networks		-	
6	Vehicles		-	
7	Furniture & Fixtures		-	
8	Annual Maintenance Contract		-	
9	Operation & Maintenance contract		16.6454	
10	Office Equipment		-	
11	<b>Gross R&amp;M Expenses</b>		-	
12	Less: Expenses Capitalised		-	
13	<b>Net R&amp;M Expenses</b>		<b>19.5111</b>	



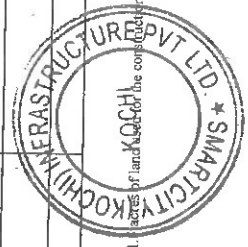
Form D 3.5

Fixed Asset & Depreciation

Name of Distribution Licensee:		SmartCity(Kochi) Infrastructure Pvt Ltd											Figures in Lakh
Licensed Area Of Supply:		SmartCity(Kochi) Infrastructure Pvt Ltd											
Year 2019-20													
Sl.No.	Asset Group(As per notification in respect of depreciation)	Rate of depreciation (%)	Gross Fixed assets				Provision for depreciation				Net fixed asset at the beginning of the year	Net fixed Assets at the end of the year	
			At the beginning of the year	Addition during the year	Adjustments & Deductions	At the end of the year	during the year	Adjustment during the year	Cumulative at the end of year				
1	2	3	4	5	6	7	8	9	10	11	12	13	
	1 Land & land rights ***	1.01%	21.138	-	-	21.14	1.74	0.21	-	1.96	19.39	19.18	
	2 Other Civil works	3.34%	-	206.38	-	206.38	-	4.02	-	4.02	-	202.36	
	3 HV Distribution system	5.28%	391.30	-	-	391.30	65.43	20.66	-	86.09	325.88	305.22	
	a) Distribution lines	5.28%	80.86	-	-	80.86	13.52	4.27	-	17.79	67.34	63.07	
	b) Sub-station equipments		-	-	-	-	-	-	-	-	-	-	
	i) Transformers		-	-	-	-	-	-	-	-	-	-	
	ii) Switchgears, Control gear &		-	-	-	-	-	-	-	-	-	-	
	iii) Protection	5.38%	-	892.54	-	892.54	-	28.01	-	28.01	-	864.53	
	iv) Batteries		-	-	-	-	-	-	-	-	-	-	
	Others		-	-	-	-	-	-	-	-	-	-	
	4 LT Distribution system		-	-	-	-	-	-	-	-	-	-	
	a) Distribution lines		-	-	-	-	-	-	-	-	-	-	
	b) Sub-station equipments		-	-	-	-	-	-	-	-	-	-	
	i) Transformers		-	-	-	-	-	-	-	-	-	-	
	ii) Switchgears, Control gear &		-	-	-	-	-	-	-	-	-	-	
	iii) Protection		-	-	-	-	-	-	-	-	-	-	
	iv) Batteries		-	-	-	-	-	-	-	-	-	-	
	Others /DG		-	-	-	-	-	-	-	-	-	-	
	5 Communication equipment		-	-	-	-	-	-	-	-	-	-	
	6 Meters		-	-	-	-	-	-	-	-	-	-	
	7 Vehicles		-	-	-	-	-	-	-	-	-	-	
	8 Furniture & fixtures		-	-	-	-	-	-	-	-	-	-	
	9 Office Equipments		-	-	-	-	-	-	-	-	-	-	
	10 Assets of Partnership projects etc.		-	-	-	-	-	-	-	-	-	-	
	Capital spares of HV & LT		-	-	-	-	-	-	-	-	-	-	
	11 transmission		-	-	-	-	-	-	-	-	-	-	
	Assets taken over & pending final valuation		-	-	-	-	-	-	-	-	-	-	
	13 IT Equipments		-	-	-	-	-	-	-	-	-	-	
	14 Any Other items	15.00%	9.34	-	-	9.34	0.77	1.40	-	2.17	8.57	7.17	
	15 Gross Asset (Total(1) to (15)		502.64	-	-	1,601.56	81.46	58.58	-	140.04	421.18	1,461.52	
	16 Less:Consumer contribution		-	-	-	-	-	-	-	-	-	-	
	17 Less:Govt.grants		-	-	-	-	-	-	-	-	-	-	
	18 Less:Deposit works		-	-	-	-	-	-	-	-	-	-	
	19 Less:Capital Subsidies		-	-	-	-	-	-	-	-	-	-	
	Net Asset Considered for depreciation		502.64	-	-	1,601.56	-	-	-	-	-	-	

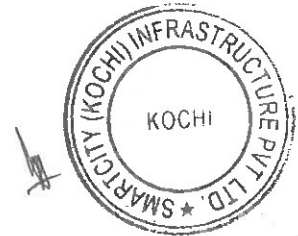
Note:

The Company entered into an agreement with the Government of Kerala, whereby the Government has leased the land for a period of 99 years to develop a SmartCity in Kochi in consideration for an amount of Rs. 104 Crores as land lease premium. Out of this 246 acres of land, 11 acres of land kept for the construction of license distribution system.

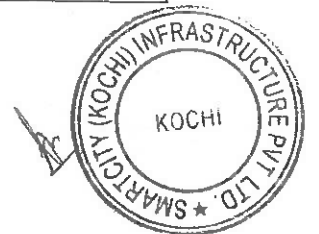


Handwritten signature or initials.

<b>Form D 3.6 (b)</b>			
<b>Calculation of Interest on Normative Loan</b>			
Name of Distribution Licensee: SmartCity(Kochi) Infrastructure pvt ltd			
Licensed Area of Supply: SmartCity(Kochi) Infrastructure Pvt Ltd			Rs In Lakh
S.No	Particulars (specify items)	2019-20	Remarks
1	2	3	4
1	Gross Normative loan - Opening	700	
2	Cumulative repayment of Normative Loan upto previous year	0	
3	Net Normative loan - Opening	700	
4	Increase/Decrease due to ACE/de-capitalization during the Year	210	
5	Repayments of Normative Loan during the year	0	
6	Net Normative loan - Closing	910	
7	Average Normative Loan		
8	Weighted average Rate of Interest of actual Loans	9.75%	
9	Interest on Normative loan	88.725	



<b>Form D 3.8</b>			
<b>Return on Equity/Return on Net Fixed Assets</b>			
Name of Distribution Business/Licensee		SmartCity(Kochi) Infrastructure Pvt Ltd	
Licensed Area of Supply		SmartCity(Kochi) Infrastructure Pvt Ltd	
S.No.	Particulars	Ref.	2019-20
1	2	3	4
1	Equity at the beginning of the year		1,300.00
2	Capitalisation		
3	Equity portion of capitalisation		100.00
4	Equity at the end of the year		1,400.00
<b>Return Computation</b>			
5	Return on Equity for equity portion(30%)	(1)*30%*14%	54.60
6	Return on Equity for normative loan portion(70%)	(1)*70%*9.75%	88.73
7	<b>Total Return on Equity</b>	<b>(5)+(6)</b>	<b>143.33</b>
In case equity invested in the regulated Business is not clearly identifiable			
8	Net Fixed Assets net of Consumer Contribution & Grants (at the beginning of the year)	(8)	0.00
9	Rate of return	3%	
10	<b>Total return on net fixed assets</b>	<b>3% * (8)</b>	<b>0.00</b>

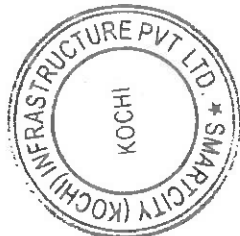




S.No.	Particulars	Energy Input		Energy Sales		Energy sent to lower voltage		Distribution Loss		Remarks
		MKWh	3	MKWh	4	MKWh	5	Percent	MKWh	
<b>Form D 6.2</b>										
<b>Appropriation of Distribution loss</b>										
	Name of Distribution Business / Licensee	SmartCity(Kochi) Infrastructure Pvt Ltd								
	Licensed Area of Supply	SmartCity(Kochi) Infrastructure Pvt Ltd								
<b>2019-20</b>										
<b>(Actual/Audited)</b>										
1	2									
<b>Voltage-wise Apportionment of Distribution losses</b>										
1	Total Energy Purchase From KSEB (11 kV)	1.873								
2	Energy Sold to LT consumers			0.8945						
3	Energy Sold to HT Consumers			0.9415						
	Total Energy Sold			1.8360						
<b>Voltage-wise Apportionment of Distribution losses</b>										
1	Total Energy Purchase From KSEB (33 kV)	2.771						2.00	0.03747	
2	Energy Sold to LT consumers			1.4869						
3	Energy Sold to HT Consumers			1.0976						
	Total Energy Sold			2.5845				6.72	0.18630	Loss includes loss of Infopark- 4.5%
	Overall Distribution Loss							4.362		SmartCity Distribution loss excluding Infopark Loss-6.72-4.5=2.2%

\* Note : To be furnished separately for each year commencing from (n-1)th year to (n+3)th year.

Note: nth year = FY 2014-15, n+1th year = FY 2015-16, and so on, for the first filing under the KSEB (Terms and Conditions for Determination of Tariff) Regulations, 2014



*[Handwritten signature]*

**Form D P&L**

**Profit & Loss Account**

Name of Distribution Business/Licensee

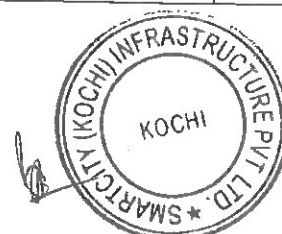
SmartCity(Kochi) Infrastructure pvt Ltd

Licensed Area of Supply

SmartCity(Kochi) Infrastructure pvt Ltd

Rs (In Lakh)

S.No.	Particulars	Ref	2019-20		Remarks
			Approved	Actual	
	<b>I. INCOME</b>				
	a. Revenue from Sale of Power		604.9100	388.90	
	b. Revenue Subsidies and Grants			-	
	c. Other Income		6.3600	11.142	
	<b>Total (a+b+c)</b>		611.2700	400.042	
	<b>II. EXPENDITURE</b>				
	a. Repairs and Maintenance.		11.9367	19.5111	
	b. Employee Cost		20.6089	13.7203	
	c. Administration and General Expenses		12.5852	4.1181	
	d. Depreciation		-	58.5763	
	e. Interest and Finance charges, Interest on Term Loan			88.725	
	f. Return on Equity			54.600	
	<b>g. Subtotal ( a+b+c+d+e)</b>		45.1308	239.251	
	h. Less Capitalised Expenses:				
	- Interest & Finance Charges			-	
	- Other Expenses			-	
	I. Other Debits			-	
	J. Extra Ordinary Items			-	
	k. Purchase of power		520.780	348.283	
	l. Generation of Power			-	
	<b>Total Expenditure (f-g+h+i+j+k)</b>		565.911	587.534	
	<b>III. Profit/(Loss) before Tax (I-II)</b>		45.359	-187.492	
	<b>IV. Provision for Income Tax</b>			-	
	<b>V. Net Prior period credits (Charges )</b>			-	
	<b>VI. Surplus (Deficit )</b>			-187.492	
	<b>VII. Net Assets at the beginning of the year (Less consumer's Contribution )</b>				
	<b>VIII. Rate of Return (VI/ VII)</b>				



# **Licensee Audit Report**

# G. JOSEPH & ASSOCIATES

Chartered Accountants

## AUDITOR'S REPORT

To the Board of Directors of  
SmartCity (Kochi) Infrastructure Private Limited  
Cochin

We have audited the accompanying financial statements of SmartCity (Kochi) Power Licensee (Power Distribution Business Division of SmartCity (Kochi) Infrastructure Private Limited) ('the Licensee'), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

The Licensee's Management is responsible for the preparation of the financial statements of the division in accordance with the accounting principles generally accepted in India. Our responsibility is to express an opinion on these financial statements based on our audit.

Our examination was limited only to the accounts maintained by the Licensee and we conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to above, we report that,

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the audit;
- ii. In our opinion proper books of accounts have been kept by the Licensee under mercantile basis of accounting, so far as it appears from our examination of the books;
- iii. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account of the division;

37/2038, First Floor,  
Muttathil Lane Kadavanthra,  
Cochin - 682 020, Kerala

Tel : +91 484 2207411 / 2207433  
Fax : +91 484 2207499  
Email : mail@gja.co.in  
Web : gja.co.in

# G. JOSEPH & ASSOCIATES

Chartered Accountants

In our opinion and to the best of our information and according to the explanations given to us and subject to the notes forming Part of accounts, the said accounts give a true and fair view:

- i. In the case of Balance Sheet, of the state of affairs of the Licensee as at 31<sup>st</sup> March 2020,
- ii. In the case of Statement of Profit and Loss, the loss for the year ended on that date and
- iii. In the case of the Cash Flow Statement, the cash flows for the year ended on that date.

For **G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

**REUBEN GEORGE**  
**JOSEPH**

Digitally signed by REUBEN GEORGE JOSEPH  
DN: cn=B. G. Personal,  
pseudoym=d515c32fbdab4595a327371947bb0947fce59a47  
\*04e61d22568240924eff7, postalCode=682026, st=KERALA,  
serialNumber=ca04e670932978c1d6576a971c72c8e3a4e5b  
81c1a4d82eabde69a86458cc, cn=REUBEN GEORGE JOSEPH  
Date: 2021.04.05 10:21:45 -0530'

**Reuben Joseph**  
Partner  
M.No. 216884

UDIN: 21216884AAAAEQ7660

Place: Cochin  
Date: March 31, 2021

SmartCity (Kochi) Power Licensee  
(Power Distribution Business Division of SmartCity (Kochi) Infrastructure Private Limited)  
Balance Sheet as on March 31, 2020

Particulars	Note	As at March 31, 2020 (In ₹)	As at March 31, 2019 (In ₹)
<b>I. Equity &amp; liabilities</b>			
<b>1 Shareholders' funds</b>			
a. Head office accounts	3	25,10,16,348	22,63,53,739
b. Reserves & surplus	4	(4,34,13,318)	(3,10,21,561)
<b>2 Non-current liabilities</b>			
a. Long term borrowings	5	1,09,87,691	1,22,46,251
b. Long term provisions	6	2,39,579	1,88,658
<b>3 Current liabilities</b>			
a. Trade payables	7	29,33,332	24,64,769
b. Other current liabilities	8	84,48,191	90,06,651
c. Short term provisions	6	32,781	20,000
		<b>23,02,44,604</b>	<b>21,92,58,507</b>
<b>II. Assets</b>			
<b>1 Non-current assets</b>			
a. Fixed assets			
i. Tangible assets	9	21,78,80,074	8,00,06,935
ii. Capital work-in-progress		-	12,73,43,550
b. Deferred tax assets (net)	10	-	-
c. Non-current investments	11	70,50,000	60,00,000
d. Long term loans & advances	13	30,00,000	30,00,000
<b>2 Current assets</b>			
a. Cash & bank balances	12	20,94,019	28,24,997
b. Short term loans & advances	13	-	-
c. Trade receivables	14	1,61,160	22,216
d. Other current asset	15	59,351	60,809
		<b>23,02,44,604</b>	<b>21,92,58,507</b>
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached  
For **G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

REUBEN  
GEORGE JOSEPH

Digitally signed by REUBEN GEORGE JOSEPH  
DN: cn=REUBEN GEORGE JOSEPH,  
o=G. JOSEPH & ASSOCIATES,  
ou=REUBEN GEORGE JOSEPH,  
c=INDIA

**Reuben Joseph**  
Partner  
M. No. 216884

Cochin  
March 31, 2021

For and on behalf of the board of directors  
**SmartCity (Kochi) Infrastructure Pvt. Ltd.**  
CIN: U70101KL2006FTC019125

MANOJ  
MADHAVAN  
NAIR

Digitally signed by  
MANOJ MADHAVAN NAIR  
Date: 2021.04.05 09:22:59  
+05'30'

**Manoj Nair**  
Director  
DIN : 07156996

SmartCity (Kochi) Power Licensee  
(Power Distribution Business Division of SmartCity (Kochi) Infrastructure Private Limited)  
Statement of profit and loss for the year ended March 31, 2020

Particulars	Note	For year ended March 31, 2020 (In ₹)	For year ended March 31, 2019 (In ₹)
<b>I Income</b>			
Revenue from operations	16	3,88,89,971	2,49,83,508
Other income	17	11,14,201	6,41,214
		<u>4,00,04,172</u>	<u>2,56,24,722</u>
<b>II Expenses</b>			
Purchase	18	3,48,28,324	2,26,12,738
Employee benefits expenses	19	27,44,057	19,57,054
Depreciation	9	90,97,681	47,33,246
Other expenses	20	39,63,789	39,42,786
Finance costs	21	17,62,078	1,16,043
		<u>5,23,95,929</u>	<u>3,33,61,867</u>
<b>III Profit before tax (I - II)</b>		<b>(1,23,91,757)</b>	<b>(77,37,145)</b>
<b>IV Tax expenses</b>			
Current tax		-	-
Deferred tax		-	-
MAT credit entitlement		-	-
		<u>-</u>	<u>-</u>
<b>V Profit for the year (III - IV)</b>		<b>(1,23,91,757)</b>	<b>(77,37,145)</b>

Summary of significant accounting policies

The accompanying notes form an integral part of the financial statements

As per our report of even date attached  
For G. Joseph & Associates  
Chartered Accountants  
Firm Regn. No. 006310S

REUBEN  
GEORGE JOSEPH

Reuben Joseph  
Partner  
M. No. 216884

Cochin  
March 31, 2021

For and on behalf of the board of directors  
SmartCity (Kochi) Infrastructure Pvt. Ltd.  
CIN: U70101KL2006FTC019125

MANOJ  
MADHAVAN NAIR

Manoj Nair  
Director  
DIN : 07156996

Digitally signed by REUBEN GEORGE JOSEPH  
DN: cn=REUBEN GEORGE JOSEPH,  
email=reuben@gsa.co.in, o=REUBEN GEORGE JOSEPH,  
c=IN, postalCode=682024, st=KERALA,  
serialNumber=08060406799220181607466471d7e3c6b34e6d6  
hgteCjL7F6uakr060406799220181607466471d7e3c6b34e6d6  
Date: 2021.04.05 10:13:32 +05'30'

Digitally signed by MANOJ  
MADHAVAN NAIR  
Date: 2021.04.05 09:23:29  
+05'30'

SmartCity (Kochi) Power Licensee  
(Power Distribution Business Division of SmartCity (Kochi) Infrastructure Private Limited)

Cash flow statement for the year

Particulars	For year ended March 31, 2020	For year ended March 31, 2019
<b>Cash flow from operating activities</b>		
Net profit before tax	(1,23,91,757)	(77,37,145)
Adjustments for:		
Depreciation	90,97,681	47,33,246
Interest paid on loan	17,62,078	1,16,043
<b>Operating profit before working capital changes</b>	<b>(15,31,998)</b>	<b>(28,87,856)</b>
Movement in working capital:		
Decrease/(Increase) in Trade Receivables	(1,38,944)	4,41,594
Decrease/(Increase) in loans and advances	-	72,703
Increase/(Decrease) in Other Current liabilities	5,95,539	24,26,468
Increase/(Decrease) in Trade payable	4,68,563	6,71,292
Increase/(Decrease) in Provisions	63,702	70,915
Increase/(Decrease) in Other Current asset	1,458	(60,809)
<b>Cash generated from operations</b>	<b>(5,41,680)</b>	<b>7,34,307</b>
Income tax paid (net of refund)	-	-
<b>Net cash from operating activities</b>	<b>(5,41,680)</b>	<b>7,34,307</b>
<b>Cash flow from investing activities</b>		
Fixed asset purchase	(1,96,27,270)	(2,12,75,071)
Fixed deposit	(10,50,000)	-
<b>Net cash from investing activities</b>	<b>(2,06,77,270)</b>	<b>(2,12,75,071)</b>
<b>Cash flow from financing activities</b>		
Additional investment	2,46,62,609	2,41,17,991
Proceeds of long term borrowings	(24,12,559)	(15,52,513)
Interest paid on loan (Bank Charges)	(17,62,078)	(1,16,043)
<b>Net cash from financing activities</b>	<b>2,04,87,972</b>	<b>2,24,49,435</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>(7,30,978)</b>	<b>19,08,671</b>
Cash & cash equivalents at the beginning of the year	28,24,997	9,16,326
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>20,94,019</b>	<b>28,24,997</b>

Notes:

1) The reconciliation to the cash and bank balances as given in Note 12 is as follows :

Cash and bank balances,

Cash and cash equivalents, end of year

20,94,019	28,24,997
-----------	-----------

2) Increase in capital expenditure include payments for items in capital work in progress and advances for purchase of fixed assets. Adjustments for increase / decrease in current liabilities related to acquisition of fixed assets to the extent identified

As per our report of even date attached

For G. Joseph & Associates

Chartered Accountants

Firm Regn. No. 006310S

REUBEN

GEORGE JOSEPH

Reuben Joseph

Partner

M. No. 216884

Cochin

March 31, 2021

For and on behalf of the board of directors

SmartCity (Kochi) Infrastructure Pvt. Ltd.

CIN: U70101KL2006FTC019125

MANOJ

MADHAVAN NAIR

Manoj Nair

Director

DIN : 07156996

Digitally signed by MANOJ

MADHAVAN NAIR

Date: 2021.04.05 09:23:50  
+05'30'



**SmartCity (Kochi) Infrastructure Private Limited**  
**Notes to the financial statements for the year ended 31 March 2020**

**1. Significant accounting policies**

**1.1 Background**

SmartCity (Kochi) Infrastructure Private Limited (the Company) was incorporated on 27 January, 2006 having its registered office at Kochi. The principal activity of the Company is development of knowledge-based township called SmartCity Kochi, which includes the construction of Information Communication Technology and Media Business Park for the purpose of lease or renting. The Company is a subsidiary of SmartCity (India) FZ LLC, Dubai and Ultimate holding company is Dubai Holding LLC, Dubai.

These financial statements have been prepared for the Power Distribution Business Division of SmartCity (Kochi) Infrastructure Private Limited ('the Licensee'), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information of the Licensee's business.

**1.2 Basis of accounting and preparation of financial statements**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, as applicable, Accounting Standards issued by the Institute of Chartered Accountants of India and other generally accepted accounting principles in India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. All amounts included in the standalone financial statements are reported in Indian rupees, except share and per share data, and have been rounded off to nearest rupee.

**1.3 Use of estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed property, plant and equipment and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements

**1.4 Property, plant and equipment**

Property, plant and equipment are carried at the cost of acquisition or construction less accumulated depreciation. The cost of property, plant and equipment includes freight, duties, taxes and other incidental expenses related to the acquisition of those property, plant and equipment. In respect of major projects involving construction, related directly attributable costs form part of the value of assets capitalized. Borrowing cost directly attributable to the acquisition / construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use is capitalized.

Advances paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date are shown under capital advances. The cost of the property, plant and equipment not ready for their intended use at the balance sheet date are disclosed under capital work-in-progress.

#### 1. Significant accounting policies (continued)

Depreciation on property, plant and equipment is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged.

#### 1.4 Property, plant and equipment (continued)

The management estimates the useful lives for the property, plant and equipment as under:

Asset	Useful lives (years)
Power Distribution System	18.94
IT Equipment	6.67

#### 1.5 Intangible assets

Intangible assets are stated at cost, net of accumulated amortisation and accumulated impairment losses, if any. Computer software is amortised on straight line basis over the estimated useful life of three years. Leasehold land (Right to use intangible assets) is amortised on straight line basis over the lease period of 99 years.

#### 1.6 Borrowing costs

Interest and finance charges on borrowings which are not attributable to acquisition/construction of fixed assets which take substantial period of time to get ready for its intended use are recognised as expenditure in the statement of profit and loss.

#### 1.7 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset forming part of its cash generating units may be impaired. If any such indications exists, the Company estimates the recoverable amount of the asset or the group of assets comprising, a cash generating unit. For an asset or a group of assets that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the book value that would have been determined; if no impairment loss has been recognized.

#### 1.8 Provisions & contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources, in case of a possible obligation or a present obligation is remote no provision or disclosure is made.

**1. Significant accounting policies (continued)**

Provision for onerous contracts i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is possible that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

**1.9 Income Tax**

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company in India.

Deferred tax charge or credit is recognised for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis. Minimum Alternate Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**1.10 Employee benefits**

*Short-term employee benefits*

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

*Post-employment benefits*

*Defined contribution plans*

Contributions payable to the recognized provident fund, which is a defined contribution scheme, is made monthly at predetermined rates to the appropriate authorities and charged to the statement of profit and loss on an accrual basis. There are no other obligations other than the contribution payable to the respective fund.

**SmartCity (Kochi) Infrastructure Private Limited**  
**Notes to the financial statements for the year ended 31 March 2020 (continued)**

**1. Significant accounting policies (continued)**

*Defined benefit plans*

Gratuity, a defined benefit scheme, is accrued based on an actuarial valuation at the balance-sheet date, carried out by an independent actuary. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional units of employee benefit entitlement and measures each unit separately to build up the final obligation.

**1.13 Cash flow statement**

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

**1.14 Cash and cash equivalents**

Cash and cash equivalents comprises of cash in hand and balance in bank in current accounts and deposit accounts.

Notes to financial statements for the year

**3 Head office accounts**

Particulars	March 31, 2020	March 31, 2019
Head Office Account	22,63,53,739	20,22,35,748
Additions during the year	2,46,62,609	2,41,17,991
	<u>25,10,16,348</u>	<u>22,63,53,739</u>

**4 Reserves & surplus**

Particulars	March 31, 2020	March 31, 2019
<b>Surplus in the statement of profit and loss</b>		
At the beginning of the accounting period	(3,10,21,561)	(2,32,84,416)
Add : Profit for the year	(1,23,91,757)	(77,37,145)
<b>Net Surplus in the statement of profit &amp; loss</b>	<u>(4,34,13,318)</u>	<u>(3,10,21,561)</u>
<b>Total reserves and surplus</b>	<u>(4,34,13,318)</u>	<u>(3,10,21,561)</u>

**5 Long term borrowings**

Particulars	Non - current portion		Current maturities	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Secured borrowings</b>				
Term loan for business	1,09,87,691	1,22,46,251	54,26,184	65,80,183
	<u>1,09,87,691</u>	<u>1,22,46,251</u>	<u>54,26,184</u>	<u>65,80,183</u>

**6 Provisions**

Particulars	Long - term		Short - term	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Provision for gratuity	2,39,579	1,88,658	-	-
Provision for Distribution License Fee	-	-	12,781	-
Provision for Audit Fees	-	-	20,000	20,000
	<u>2,39,579</u>	<u>1,88,658</u>	<u>32,781</u>	<u>20,000</u>

**7 Trade payables**

Particulars	March 31, 2020	March 31, 2019
Trade payables	29,33,332	24,64,769
	<u>29,33,332</u>	<u>24,64,769</u>

**8 Other current liabilities**

Particulars	March 31, 2020	March 31, 2019
Advance from customers	30,22,007	24,26,468
Current maturities of long term borrowings	54,26,184	65,80,183
	<u>84,48,191</u>	<u>90,06,651</u>

9 Note No. 9 on fixed assets has been set out on the adjacent page

**10 Deferred tax asset (net)**

Particulars	March 31, 2020	March 31, 2019
Deferred tax asset		
Disallowance under the Income Tax Act, 1961	-	-
Gross deferred tax assets	-	-
Deferred tax liabilities		
Related to fixed assets	-	-
Deferred tax assets (Net)	<u>-</u>	<u>-</u>

**11 Non-current investments**

Particulars	March 31, 2020	March 31, 2019
Fixed Deposits	70,50,000	60,00,000
	<u>70,50,000</u>	<u>60,00,000</u>

**12 Cash & bank balances**

Particulars	March 31, 2020	March 31, 2019
Balances with bank in current accounts	₹ 20,94,019	₹ 28,24,997
Cash on hand	-	-
	<u>20,94,019</u>	<u>28,24,997</u>

Classification: Confidential

9 Fixed assets

Particulars	Gross carrying amount			Depreciation			Net carrying amount			
	As at beginning	Additions	Deletions	As at reporting date	As at beginning	For the year	Deletions for the period	As at reporting date	As at reporting date	As at beginning
Leasehold Land	63,41,463	-	-	63,41,463	5,23,065	64,049	-	5,87,114	57,54,349	58,18,398
Electrical HV&LV Distribution System	7,94,20,666	-	-	7,94,20,666	1,28,91,593	41,93,411	-	1,70,85,004	6,23,35,662	6,65,29,073
Electrical Distribution Lines	81,27,412	-	-	81,27,412	13,24,700	4,29,127	-	17,53,827	63,73,585	68,02,712
Substation Equipment & Transformer	-	11,83,57,045	-	11,83,57,045	-	37,14,439	-	37,14,439	11,46,42,606	-
Substation Office & Plant Room	-	2,86,13,775	-	2,86,13,775	-	5,56,571	-	5,56,571	2,80,57,204	-
IT Equipments	9,33,893	-	-	9,33,893	77,141	1,40,084	-	2,17,225	7,16,668	8,56,752
<b>Total</b>	<b>9,48,23,434</b>	<b>14,69,70,820</b>	<b>-</b>	<b>24,17,94,254</b>	<b>1,48,16,499</b>	<b>90,97,681</b>	<b>-</b>	<b>2,39,14,180</b>	<b>21,78,80,074</b>	<b>8,00,06,935</b>
2018-19	9,40,76,034	7,47,400	-	9,48,23,434	1,00,83,253	47,33,246	-	1,48,16,499	8,00,06,935	8,39,92,781
2017-18	9,02,44,697	38,31,337	-	9,40,76,034	55,03,084	45,80,169	-	1,00,83,253	8,39,92,781	8,47,41,613
2016-17	8,39,19,914	63,24,783	-	9,02,44,697	10,13,609	44,89,475	-	55,03,084	8,47,41,613	8,29,06,305
2015-16	63,41,463	7,75,78,451	-	8,39,19,914	-	10,13,609	-	10,13,609	8,29,06,305	63,41,463

**13 Loans & advances***(Unsecured, considered good)*

Particulars	Non - current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	₹	₹	₹	₹
Security deposits	30,00,000	30,00,000	-	-
Advances recoverable in cash or kind	-	-	-	-
Other Advances	-	-	-	-
Prepaid Expenses	-	-	-	-
Prepaid tax (net of provision)	-	-	-	-
	<u>30,00,000</u>	<u>30,00,000</u>	-	-

**14 Trade receivables**

Particulars	March 31, 2020	March 31, 2019
	₹	₹
Receivables (Electricity)	1,61,160	22,216
	<u>1,61,160</u>	<u>22,216</u>

**15 Other current asset**

Particulars	March 31, 2019	March 31, 2018
	₹	₹
TDS asset	59,351	60,809
	<u>59,351</u>	<u>60,809</u>

**16 Revenue from operations**

Particulars	March 31, 2020	March 31, 2019
	₹	₹
Electricity	3,88,89,971	2,49,83,508
	<u>3,88,89,971</u>	<u>2,49,83,508</u>

**17 Other income**

Particulars	March 31, 2020	March 31, 2019
	₹	₹
Interest Received	6,80,201	6,41,214
Renewable Power Registration Fee	4,34,000	-
	<u>11,14,201</u>	<u>6,41,214</u>

**18 Purchase**

Particulars	March 31, 2020	March 31, 2019
	₹	₹
Purchase of electricity	3,33,67,902	2,26,12,738
Wheeling Charge on Purchase of Electricity	14,60,422	-
	<u>3,48,28,324</u>	<u>2,26,12,738</u>

**19 Employee benefits expenses**

Particulars	March 31, 2020	March 31, 2019
	₹	₹
Salaries, wages & bonus	27,44,057	19,57,054
Contribution provident and other funds	-	-
Gratuity	-	-
Staff welfare expenses	-	-
	<u>27,44,057</u>	<u>19,57,054</u>



**20 Other expenses**

Particulars	March 31, 2020	March 31, 2019
	₹	₹
Other expenses	22,10,683	23,08,080
Miscellaneous expenses	-	-
Repairs & maintenance	17,53,106	16,34,706
	<b>39,63,789</b>	<b>39,42,786</b>

**21 Finance costs**

Particulars	March 31, 2020	March 31, 2019
	₹	₹
Bank charges	1,53,805	1,16,043
Interest	16,08,273	-
	<b>17,62,078</b>	<b>1,16,043</b>

As per our report of even date attached  
**For G. Joseph & Associates**  
 Chartered Accountants  
 Firm Regn. No. 006310S

**REUBEN GEORGE  
 JOSEPH**

**Reuben Joseph**  
 Partner  
 M. No. 216884

Cochin  
 March 31, 2021

Digitally signed by REUBEN GEORGE JOSEPH  
 DN: cn=RE, o=Person, email=REUBENGEORGEJOSEPH@GMAIL.COM, postalCode=682002, serialNumber=1, c=IN  
 Date: 2021.04.05 10:14:43 +05'30'

For and on behalf of the board of directors  
**SmartCity (Kochi) Infrastructure Pvt. Ltd.**  
 CIN: U70101KL2006FTC019125

**MANOJ  
 MADHAVAN NAIR**

**Manoj Nair**  
 Director  
 DIN : 07156996

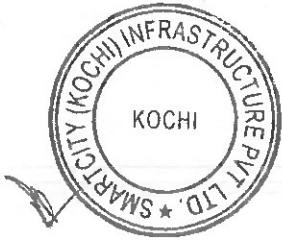
Digitally signed by MANOJ  
 MADHAVAN NAIR  
 Date: 2021.04.05 09:24:22  
 +05'30'

**Note:-**

The Electricity Account for the year 2019-20 audited and report submitted before the approval of truing up petition for the previous years. Hence the difference.

From the audited accounts after trued up for the previous years following changes done, which is shown in the truing up formats.

1. Employee expense
2. A & G Expense
3. Depreciation.



# **Company Audit** **Report**

# B S R & Associates LLP

Chartered Accountants

49/179 A, 3rd Floor  
Syama Business Centre  
NH - 47, Bypass Road  
Vytila, Kochi - 682 019, India

Telephone +91 484 4148 500  
Fax +91 484 4148 501

## INDEPENDENT AUDITORS' REPORT

To the Members of SmartCity (Kochi) Infrastructure Private Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of SmartCity (Kochi) Infrastructure Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### Emphasis of Matter

We draw attention to the matter set out in Note 29 to the financial statements, wherein the trade receivables amounting to Rs. 34,529,000 is due from a co-developer, which has been outstanding for a period more than four years. The co-developer has failed to make the payment / re-commence construction within the communicated timelines including extensions thereof. Based on the ongoing written communications/ correspondence with the co-developer, the Company believes that these amounts are recoverable. Further, we have received a direct balance confirmation from the customer, confirming the outstanding receivable as recorded by the Company.

Our opinion is not modified in respect of this matter.

B S R & Associates LLP

**SmartCity (Kochi) Infrastructure Private Limited**  
**Independent Auditors' Report on the Financial Statements (continued)**

**Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under the applicable laws and regulations.

**Management's and Board of Directors' Responsibility for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**SmartCity (Kochi) Infrastructure Private Limited**  
**Independent Auditors' Report on the Financial Statements** *(continued)*

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**SmartCity (Kochi) Infrastructure Private Limited**  
**Independent Auditors' Report on the Financial Statements (continued)**

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The balance sheet, the statement of profit and loss, and statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 24 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 24 of the financial statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

B S R & Associates LLP

**SmartCity (Kochi) Infrastructure Private Limited**  
**Independent Auditors' Report on the Financial Statements (continued)**

(C) The Company is a private limited company and accordingly the requirements prescribed under section 197 (16) of the Act are not applicable to the Company.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm registration number: 116231W/W-100024

**BABY** Digitally signed  
by BABY PAUL  
Date:  
**PAUL** 2021.02.23  
18:59:27 +05'30'

**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 21218255AAAAAV5600

Kochi

23 February 2021



**SmartCity (Kochi) Infrastructure Private Limited**  
**Annexure A to the Independent Auditors' Report (continued)**

The Annexure A referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified annually. In accordance with this programme, all property, plant and equipment were physically verified during the year and no material discrepancies were noticed on such verification. In opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable property included in property, plant and equipment. We have verified that the lease agreement for the land taken on lease, duly registered with the appropriate authority, are in the name of the Company.
- (ii) The Company is a Special Economic Zone ('SEZ') developer, primarily engaged in the business of developing and providing infrastructure facilities on lands acquired for setting up knowledge based IT Township. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the said Order is not applicable.
- (iii) The Company has not granted any loans secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Thus, paragraphs 3(iii)(a) to (c) of the Order are not applicable.
- (iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder and accordingly paragraph 3(v) of the said order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for any of the services of the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, goods and services tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, duty of customs, duty of excise, sales tax, value added tax and service tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

**SmartCity (Kochi) Infrastructure Private Limited**  
**Annexure A to the Independent Auditors' Report (continued)**

- (b) According to the information and explanations given to us, there are no dues of goods and services tax and cess which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of income tax have not been deposited on account of dispute.

Name of statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act 1961	Income Tax	1,655,100 (506,808)*	AY 2014-15	The commissioner of Income Tax
The Income Tax Act 1961	Income Tax	26,983,790 (26,983,790)*	AY 2013-14	The commissioner of Income Tax (Appeals)
The Income Tax Act 1961	Income Tax	16,308,240 (16,308,240)*	AY 2012-13	Assessing Officer

\*includes amounts paid under protest and refunds of subsequent assessment years, adjusted against the disputed demand

- (viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings from any banks. According to the information and explanations given to us, the Company did not have any loans or borrowings from government or debenture holders during the year.
- (ix) According to the information and explanation given to us and based on examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan during the year. Thus, paragraph 3(ix) of the said Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company is a private limited company under the definition of the Companies Act, 2013, hence the provisions of Section 197 read with Schedule V to the Act is not applicable to the Company. Thus, paragraph 3 (xi) of the said Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. The Company does not fall under the definition of a listed company or other class of companies which is required to constitute audit committee under Section 177 (4) (iv) of the Act and hence the said provision is not applicable to the Company.

B S R & Associates LLP

**SmartCity (Kochi) Infrastructure Private Limited**  
**Annexure A to the Independent Auditors' Report (continued)**

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the said Order is not applicable.
- (xvi) According to the information and explanations given to us and in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm registration number: 116231W/W-100024

**BABY**

**PAUL**

Digitally signed by  
BABY PAUL  
Date: 2021.02.23  
19:00:01 +05'30'

**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 21218255AAAAAV5600

Kochi

23 February 2021

B S R & Associates LLP

**Annexure B to the Independent Auditors' report on the financial statements of SmartCity (Kochi) Infrastructure Private Limited for the year ended 31 March 2020.**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

(Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Opinion**

We have audited the internal financial controls with reference to financial statements of SmartCity (Kochi) Infrastructure Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

B S R & Associates LLP

**SmartCity (Kochi) Infrastructure Private Limited**  
**Annexure B to the Independent Auditors' Report on the Financial Statements (continued)**

**Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

*for B S R & Associates LLP*

*Chartered Accountants*

Firm registration number: 116231W/W-100024

**BABY** Digitally signed  
by BABY PAUL  
Date:  
**PAUL** 2021.02.23  
19:00:37 +05'30'

**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 21218255AAAAAV5600

Kochi

23 February 2021

SmartCity (Kochi) Infrastructure Private Limited

Balance sheet as at 31 March 2020

(All amounts are in Indian rupees, except share data and where otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	1,950,000,000	1,950,000,000
Reserves and surplus	3	(637,762,513)	(546,075,763)
		<u>1,312,237,487</u>	<u>1,403,924,237</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	382,448,305	400,848,319
Other long-term liabilities	5	896,576,233	889,230,417
Long-term provisions	6	626,208	507,279
		<u>1,279,650,746</u>	<u>1,290,586,015</u>
<b>Current liabilities</b>			
Trade payables	7		
Total outstanding dues of micro and small enterprises		82,000	-
Total outstanding dues of creditors other than micro and small enterprises		4,812,549	5,962,201
Short-term borrowings	8	164,789,762	210,763,613
Other current liabilities	9	108,865,661	143,837,002
		<u>278,549,972</u>	<u>360,562,816</u>
		<u>2,870,438,205</u>	<u>3,055,073,068</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Tangible assets	10	1,866,939,673	1,704,380,368
Intangible assets	11	342,521,485	346,475,825
Capital work-in-progress		16,692,563	313,255,440
Long-term loans and advances	12	98,190,074	77,308,564
Other non-current assets	13	52,468,527	23,566,358
		<u>2,376,812,322</u>	<u>2,464,986,555</u>
<b>Current assets</b>			
Lease-hold land held for sub-lease		445,383,044	445,383,044
Trade receivables	14	19,549,480	47,637,393
Cash and bank balances	15	19,436,395	50,435,046
Short-term loans and advances	16	3,624,403	3,001,978
Other current assets	17	5,632,561	43,629,052
		<u>493,625,883</u>	<u>590,086,513</u>
		<u>2,870,438,205</u>	<u>3,055,073,068</u>

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for B S R & Associates LLP

Chartered Accountants

Firm registration number : 116231W/W-100024

**BABY PAUL**  
Digitally signed by BABY PAUL  
Date: 2021.02.23  
18:55:06 +05'30'

Baby Paul

Partner

Membership No. 218255

Kochi

23 February 2021

for and on behalf of the Board of Directors of  
SmartCity (Kochi) Infrastructure Private Limited  
CIN: U70101KL2006FTC019125

**MANOJ MADHAVAN NAIR**  
Digitally signed by MANOJ MADHAVAN NAIR  
Date: 2021.02.23  
16:39:52 +05'30'

Manoj Nair

Director and Chief Executive Officer

DIN : 07156996

Kochi

23 February 2021

**KHALID ABDULKARIM HUSSAIN ALMALIK**  
Digitally signed by KHALID ABDULKARIM HUSSAIN ALMALIK  
Date: 2021.02.23  
15:59:59 +05'30'

Khalid Al Malik

Director

DIN : 07943470

Dubai

23 February 2021

Digitally signed by Manikandan I  
Date: 2021.02.23 14:23:49 +05'30'

Manikandan I

Company Secretary

Membership No: 59627

Kochi

23 February 2021

**SmartCity (Kochi) Infrastructure Private Limited**  
**Statement of profit and loss for the year ended 31 March 2020**  
(All amounts are in Indian rupees, except share data and where otherwise stated)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue</b>			
Revenue from operations	18	248,092,615	258,665,348
Other income	19	3,996,383	13,433,638
<b>Total revenue</b>		<b>252,088,998</b>	<b>272,098,986</b>
<b>Expenses</b>			
Cost of land sub-leased		-	6,130,081
Employee benefits expense	20	19,403,474	18,688,972
Depreciation and amortisation	21	177,876,633	168,312,875
Finance cost	22	54,610,372	55,203,209
Other expenses	23	91,885,269	67,145,474
<b>Total expenses</b>		<b>343,775,748</b>	<b>315,480,611</b>
<b>Loss before tax</b>		<b>(91,686,750)</b>	<b>(43,381,625)</b>
<b>Tax expense</b>			
- Deferred tax		-	-
<b>Loss after tax</b>		<b>(91,686,750)</b>	<b>(43,381,625)</b>
<b>Loss per share (equity share of face value of Rs 10 each)</b>			
Basic & diluted	27	(0.47)	(0.22)

**Significant accounting policies**

The notes referred to above form an integral part of the financial statements  
As per our report of even date attached

for **BSR & Associates LLP**  
Chartered Accountants  
Firm registration number : 116231W/W-100024

**BABY PAUL**  
Digitally signed  
by BABY PAUL  
Date:  
2021.02.23  
18:55:37  
+05'30'

**Baby Paul**  
Partner  
Membership No. 218255

Kochi  
23 February 2021

for and on behalf of the Board of Directors of  
**SmartCity (Kochi) Infrastructure Private Limited**  
CIN: U70101KL2006FTC019125

**MANOJ MADHAVAN NAIR**  
Digitally signed by  
MANOJ MADHAVAN  
NAIR  
Date: 2021.02.23  
16:41:18 +05'30'

**Manoj Nair**  
Director and Chief Executive Officer  
DIN : 07156996

Kochi  
23 February 2021

**KHALID ABDULKARIM HUSSAIN ALMALIK**  
Digitally signed by  
KHALID ABDULKARIM  
HUSSAIN ALMALIK  
Date: 2021.02.23  
16:00:28 +05'30'

**Khalid Al Malik**  
Director  
DIN : 07943470

Dubai  
23 February 2021

Digitally signed by Manikandan I  
Date: 2021.02.23 14:24:29 +05'30'

**Manikandan I**  
Company Secretary  
Membership No: 59627

Kochi  
23 February 2021

SmartCity (Kochi) Infrastructure Private Limited

Cash flow statement for the year ended 31 March 2020

(All amounts are in Indian rupees, except share data and where otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Cash flows from operating activities</b>		
Loss before tax	(91,686,750)	(43,381,625)
<i>Adjustments for</i>		
Depreciation and amortisation	177,876,633	168,312,875
Finance cost	54,610,372	55,203,209
Bad debts written off	828,868	50,000
Interest income	(1,004,633)	(1,144,325)
Unrealised foreign exchange loss / (gain)	(30,468)	176,685
<b>Operating cash flow before working capital changes</b>	<b>140,594,022</b>	<b>179,216,819</b>
Decrease / (increase) in trade receivables	(7,269,955)	8,674,745
Decrease in lease-hold land held for sub-lease	-	6,130,081
Decrease / (increase) in loans and advances and other assets	43,013,733	(33,582,091)
Increase / (decrease) in liabilities and provisions	(8,544,779)	32,943,786
<b>Cash generated from operations</b>	<b>167,793,021</b>	<b>193,383,340</b>
Taxes paid (net of refunds)	(21,115,282)	(11,887,757)
<b>Net cash generated from operating activities (A)</b>	<b>146,677,739</b>	<b>181,495,583</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(49,773,015)	(71,892,825)
Interest received	979,143	1,113,072
<b>Net cash used in investing activities (B)</b>	<b>(48,793,872)</b>	<b>(70,779,753)</b>
<b>Cash flow from financing activities</b>		
Short term borrowings, repaid	(87,911,880)	(45,565,891)
Short term borrowings, availed	41,938,029	52,144,504
Finance cost paid	(55,308,653)	(55,285,673)
Repayment of long term borrowings	(27,600,014)	(33,725,000)
<b>Net cash used in financing activities (C)</b>	<b>(128,882,518)</b>	<b>(82,432,060)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(30,998,651)</b>	<b>28,283,770</b>
Cash and cash equivalents at the beginning of the year	50,435,046	22,151,276
<b>Cash and cash equivalents at the end of the year</b>	<b>19,436,395</b>	<b>50,435,046</b>

(Refer to note 2.15 - Cash and bank balances)

Significant accounting policies - refer note 1

As per our report of even date attached

for BSR & Associates LLP

Chartered Accountants

Firm registration number : 116231W/W-100024

BABY PAUL

Digitally signed  
by BABY PAUL  
Date: 2021.02.23  
18:56:20 +05'30'

Baby Paul

Partner

Membership No. 218255

Kochi

23 February 2021

for and on behalf of the Board of Directors of

SmartCity (Kochi) Infrastructure Private Limited

CIN: U70101KL2006FTC019125

MANOJ  
MADHAVAN  
NAIR

Digitally signed by  
MANOJ MADHAVAN NAIR  
Date: 2021.02.23 16:41:40  
+05'30'

Manoj Nair

Director and Chief Executive Officer

DIN : 07156996

Kochi

23 February 2021

KHALID  
ABDULKARIM  
HUSSAIN  
ALMALIK

Digitally signed by  
KHALID ABDULKARIM  
HUSSAIN ALMALIK  
Date: 2021.02.23  
16:01:04 +05'30'

Khalid Al Malik

Director

DIN : 07943470

Dubai

23 February 2021

Digitally signed by Manikandan I  
Date: 2021.02.23 14:24:58 +05'30'

Manikandan I

Company Secretary

Membership No: 59627

Kochi

23 February 2021



**SmartCity (Kochi) Infrastructure Private Limited**  
**Notes to the financial statements for the year ended 31 March 2020**

**1. Significant accounting policies**

**1.1 Background**

SmartCity (Kochi) Infrastructure Private Limited (the Company) was incorporated on 27 January, 2006 having its registered office at Kochi. The principal activity of the Company is development of knowledge-based township called SmartCity Kochi, which includes the construction of Information Communication Technology and Media Business Park for the purpose of lease or renting. The Company is a subsidiary of SmartCity (India) FZ LLC, Dubai and Ultimate holding company is Dubai Holding LLC, Dubai.

**1.2 Basis of accounting and preparation of financial statements**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, as applicable, Accounting Standards issued by the Institute of Chartered Accountants of India and other generally accepted accounting principles in India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. All amounts included in the standalone financial statements are reported in Indian rupees, except share and per share data, and have been rounded off to nearest rupee.

**1.3 Going Concern**

The paid-up equity share capital and the accumulated losses of the Company as at 31 March 2020 were Rs. 1,950,000,000 and Rs. 637,762,513 respectively and the Company incurred a net loss of is Rs 91,686,750 during the year ended 31 March 2020. Based on business strategies and operating plans of the management, the management believes that the Company will be able to meet all its liabilities as they fall due for payment in the foreseeable future at least for a period of twelve months from the balance sheet date. Accordingly, the financial statements have been prepared on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.

**1.4 Use of estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed property, plant and equipment and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements

**1.5 Property, plant and equipment**

Property, plant and equipment are carried at the cost of acquisition or construction less accumulated depreciation. The cost of property, plant and equipment includes freight, duties, taxes and other incidental expenses related to the acquisition of those property, plant and equipment. In respect of major projects involving construction, related directly attributable costs form part of the value of assets capitalized. Borrowing cost directly attributable to the acquisition / construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use is capitalized.

1. Significant accounting policies (continued)

1.5 Property, plant and equipment

Advances paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date are shown under capital advances. The cost of the property, plant and equipment not ready for their intended use at the balance sheet date are disclosed under capital work-in-progress.

Depreciation on property, plant and equipment is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged.

The management estimates the useful lives for the property, plant and equipment as under:

Asset	Useful lives (years)
Building on Leasehold Land	
- RCC	60
- Others	5-30
Hydraulic works, Pipelines & sluices	15
Plant & Machinery	35
Electrical fittings	10
Office equipments*	4
Roads	5
Computers	3
Vehicles*	4
Bridge	30
Furniture and fixtures *	4

\* For the above mentioned class of assets, the Company believes that the useful lives as given above best represent the useful lives of assets based on an internal assessment and supported by technical advice, where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

1.6 Intangible assets

Intangible assets are stated at cost, net of accumulated amortisation and accumulated impairment losses, if any. Computer software is amortised on straight line basis over the estimated useful life of three years. Leasehold land (Right to use intangible assets) is amortised on straight line basis over the lease period of 99 years.

1.7 Borrowing costs

Interest and finance charges on borrowings which are not attributable to acquisition/construction of fixed assets which take substantial period of time to get ready for its intended use are recognised as expenditure in the statement of profit and loss.

## 1. Significant accounting policies (continued)

### 1.8 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset forming part of its cash generating units may be impaired. If any such indications exists, the Company estimates the recoverable amount of the asset or the group of assets comprising, a cash generating unit. For an asset or a group of assets that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the book value that would have been determined; if no impairment loss has been recognized.

### 1.9 Revenue recognition

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. In respect of land given on finance lease basis, the revenue is recognised when all the conditions related to transfer of land are completed. The corresponding cost of the land and development costs incurred are expensed off in the statement of profit and loss. Annual land lease charges or annual maintenance charges are recognised on time proportion basis. Office lease rental under operating leases is recognised on a straight line basis over the lease term. Income from infrastructure usage fee collected on upfront basis from the customers is recognised over the contractual period on straight line basis. The unaccrued portion of the revenue is shown as "Income received in advance towards long-term land lease/infrastructure usage" in Balance sheet and recognised as revenue over the remaining term of the land lease deed entered by the Company with Co-Developers.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### 1.10 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate prevailing on the dates of the respective transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### 1.11 Provisions & contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources, in case of a possible obligation or a present obligation is remote no provision or disclosure is made.

Provision for onerous contracts i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is possible that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

## 1. Significant accounting policies (continued)

### 1.12 Income Tax

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company in India.

Deferred tax charge or credit is recognised for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternate Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

The tax holiday under Section 10AA of Income tax Act, 1961 is available to the Company. In view of this, the deferred tax assets / liability in respect of timing differences, which are originated and reversed within the tax holiday period, are ignored and deferred tax assets/liabilities in respect of timing difference that originate during tax holiday period but reverse after the tax holiday period are recognized. For this purpose, the timing differences, which originate first are considered to reverse first.

### 1.13 Leases

#### As a lessee

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to Profit and Loss account over the lease term.

#### As a lessor

Leases including rights to use in sub-leased land in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases.

### 1.14 Employee benefits

#### *Short-term employee benefits*

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

#### *Post-employment benefits*

##### Defined contribution plans

Contributions payable to the recognized provident fund, which is a defined contribution scheme, is made monthly at predetermined rates to the appropriate authorities and charged to the statement of profit and loss on an accrual basis. There are no other obligations other than the contribution payable to the respective fund.

**1. Significant accounting policies (continued)**

**1.14 Employee benefits (continued)**

*Defined benefit plans*

Gratuity, a defined benefit scheme, is accrued based on an actuarial valuation at the balance-sheet date, carried out by an independent actuary. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional units of employee benefit entitlement and measures each unit separately to build up the final obligation.

**1.15 Loss per share**

The basic loss per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

**1.16 Cash flow statement**

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

**1.17 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and balance in bank in current accounts and deposit accounts.

SmartCity (Kochi) Infrastructure Private Limited

Notes to the financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
<b>2 Share capital</b>				
<b>Authorised</b>				
Equity shares of Rs. 10 each	680,000,000	6,800,000,000	680,000,000	6,800,000,000
	<u>680,000,000</u>	<u>6,800,000,000</u>	<u>680,000,000</u>	<u>6,800,000,000</u>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs. 10 each	195,000,000	1,950,000,000	195,000,000	1,950,000,000
	<u>195,000,000</u>	<u>1,950,000,000</u>	<u>195,000,000</u>	<u>1,950,000,000</u>
<b>Reconciliation of shares outstanding at the beginning and at the end of the reporting period</b>				
Equity shares of Rs 10 each fully paid up				
At the beginning and at the end of the year	195,000,000	1,950,000,000	195,000,000	1,950,000,000
	<u>195,000,000</u>	<u>1,950,000,000</u>	<u>195,000,000</u>	<u>1,950,000,000</u>

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(a) Equity shares held by the ultimate holding company/ holding company and their subsidiaries/associates**

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Ultimate holding company - Dubai Holding LLC, Dubai	-	-	-	-
Holding company - SmartCity (India) FZ LLC, Dubai	163,800,000	1,638,000,000	163,800,000	1,638,000,000

**(b) Details of shareholders holding more than 5% shares of the company**

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of holding	Number of shares	% of holding
SmartCity (India) FZ LLC, Dubai	163,800,000	84%	163,800,000	84%
Government of Kerala	31,200,000	16%	31,200,000	16%

**(c) Details of buyback, bonus shares, shares issued for consideration other than for cash in the five years immediately preceding the balance sheet date**

The Company has not allotted any fully paid-up equity shares by way of bonus shares nor has bought back any class of equity shares nor has there been any issue for consideration other than for cash during the period of five years immediately preceding the balance sheet date.

SmartCity (Kochi) Infrastructure Private Limited

Notes to the financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
<b>3 Reserves and surplus</b>		
<b>Deficit in statement of profit and loss</b>		
Balance as at the beginning of the year	(546,075,763)	(502,694,138)
Loss for the year	(91,686,750)	(43,381,625)
Balance as at the end of the year	<u>(637,762,513)</u>	<u>(546,075,763)</u>
<b>4 Long-term borrowings</b>		
<b>Secured</b>		
Term loan from a bank	<u>382,448,305</u>	<u>400,848,319</u>
	<u><b>382,448,305</b></u>	<u><b>400,848,319</b></u>
<b>i) Nature of security of secured borrowing:</b>		
Term loan from bank is secured by		
a. Equitable mortgage of the leasehold rights over 10.8 acres of land at SmartCity SEZ Land A, Kakanad village, Kochi (the project land);		
b. First charge on the fixed assets (moveable and immovable) of the Company, developed on the project land;		
c. First charge on cash flows and receivables from the project assets located on the project land;		
d. First charge on all Company's bank accounts relating to the project including, without limitation, the Trust & Retention account, Escrow account, Debt Service Reserve Account and any other account held/required to be held by the Company with respect to the project land.		
<b>ii) Interest and terms of repayment of secured borrowing:</b>		
The loan carries an interest of Bank's base rate + 1.35% - 1.75% per annum. The loan is repayable in 40 quarterly instalments beginning September 2017.		
<b>iii) There is no continuing default in the repayment of the principal and interest amount with respect to above mentioned loans as at 31 March 2020</b>		
<b>5 Other long-term liabilities</b>		
Income received in advance towards long-term land lease/infrastructure usage agreements (Refer Note)	807,539,515	812,782,000
Deposits from customers	<u>89,036,718</u>	<u>76,448,417</u>
	<u><b>896,576,233</b></u>	<u><b>889,230,417</b></u>
Note: Income received in advance represents the consideration received as part of co-developer agreement, for the usage / provision of infrastructure facilities through-out the lease period.		
<b>6 Long-term provisions</b>		
<i>For employee benefits</i>		
Gratuity	<u>626,208</u>	<u>507,279</u>
	<u><b>626,208</b></u>	<u><b>507,279</b></u>

SmartCity (Kochi) Infrastructure Private Limited

Notes to the financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees, except share data and where otherwise stated)

7	<b>Trade payables</b>		
	Total outstanding dues of micro and small enterprises	82,000	-
	Total outstanding dues of creditors other than micro and small enterprises	4,812,549	5,962,201
		<u>4,894,549</u>	<u>5,962,201</u>
	*Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:		
	The principal amount remaining unpaid to any supplier as at the end of the year	82,000	-
	The interest due on the principal remaining outstanding as at the end of the year	-	-
	The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year	-	-
	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
	The amount of interest accrued and remaining unpaid at the end of the year	-	-
	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	-	-
		As at	As at
		31 March 2020	31 March 2019
8	<b>Short-term borrowings</b>		
	Secured loans from banks		
	Working capital loan	164,789,762	210,763,613
		<u>164,789,762</u>	<u>210,763,613</u>
	i) Nature of security of secured borrowing:		
	Working Capital Loan is secured by		
	a. Equitable mortgage of the leasehold rights over 10.8 acres of land at SmartCity SEZ Land A, Kakanad village, Kochi (the project land);		
	b. First charge on the fixed assets (moveable and immovable) of the Company, developed on the project land;		
	c. First charge on cash flows and receivables from the project assets located on the project land;		
	d. First charge on all Company's bank accounts relating to the project including, without limitation, the Trust & Retention account, Escrow account, Debt Service Reserve Account and any other account held/required to be held by the Company with respect to the project land.		
	ii) Interest and terms of repayment of secured borrowing:		
	The loan carries an interest of Bank's base rate + 1.35% - 1.75% per annum.		
9	<b>Other current liabilities</b>		
	Interest accrued but not due on borrowing	4,643,566	5,341,847
	Current maturities of long-term borrowing	27,600,000	36,800,000
	Unearned revenue	13,624,650	12,692,700
	Accrued expenses and due to other creditors	12,824,861	10,995,731
	Advance from customers/co-developers	26,863,207	23,785,139
	Creditors for capital goods	7,458,980	17,559,700
	Retention money payable	12,529,833	34,368,275
	Dues to related parties	1,209,624	570,731
	Statutory dues payable	2,110,940	1,722,879
		<u>108,865,661</u>	<u>143,837,002</u>



SmartCity (Kochi) Infrastructure Private Limited  
Notes to the financial statements for the year ended 31 March 2020  
(All amounts are in Indian rupees, except share data and where otherwise stated)

10 Property, plant and equipment

	Gross Block			Depreciation				Net Block		
	As at 1 April 2019	Additions	Deletions	As at 31 March 2020	As at 1 April 2019	For the year	Deletions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Building on leasehold land										
RCC	1,250,430,174 (1,246,208,348)	83,054,185 (4,221,826)	-	1,333,484,359 (1,250,430,174)	65,061,369 (44,220,866)	21,673,356 (20,840,503)	-	86,734,725 (65,061,369)	1,246,749,634 (1,185,368,805)	1,185,368,805 (1,201,987,482)
Others	46,585,630 (46,585,630)	33,027,514 -	-	79,613,144 (46,585,630)	10,678,845 (9,123,698)	5,351,982 (1,553,147)	-	16,030,827 (10,678,845)	63,582,317 (35,906,785)	35,906,785 (37,459,932)
Roads	539,190,745 (339,190,745)	-	-	539,190,745 (539,190,745)	346,666,936 (238,828,787)	107,838,149 (107,838,149)	-	454,505,085 (346,666,936)	84,685,660 (192,523,809)	192,523,809 (300,361,958)
Bridge	67,281,092 (67,281,092)	-	-	67,281,092 (67,281,092)	7,475,676 (5,232,974)	2,242,703 (2,242,702)	-	9,718,379 (7,475,676)	57,562,713 (59,805,416)	59,805,416 (62,048,118)
Hydraulic works, Pipelines & sluices	-	68,239,320	-	68,239,320	-	2,653,751	-	2,653,751	65,585,569	-
Plant & Machinery	-	124,956,293	-	124,956,293	-	2,082,605	-	2,082,605	122,873,688	-
Furniture and fixtures	6,378,318 (6,275,925)	- (102,393)	-	6,378,318 (6,378,318)	6,241,091 (6,174,568)	56,077 (66,523)	-	6,297,168 (6,241,091)	81,150 (137,227)	137,227 (101,357)
Motor vehicles	1,485,617 (1,430,840)	- (54,777)	-	1,485,617 (1,430,840)	1,441,111 (1,430,840)	13,694 (10,271)	-	1,454,805 (1,441,111)	30,812 (44,506)	44,506 -
Office equipment	383,086 (323,440)	447,228 (59,646)	-	830,314 (383,086)	306,118 (294,515)	132,629 (11,603)	-	438,747 (306,118)	391,567 (76,968)	76,968 (28,925)
Computers	5,808,058 (4,726,328)	212,115 (1,081,530)	-	6,020,173 (5,808,058)	4,525,457 (4,253,582)	493,410 (269,875)	-	5,018,867 (4,525,457)	1,001,306 (1,282,601)	1,282,601 (470,946)
Electrical equipments and fit outs	320,329,429 (303,155,010)	26,544,944 (17,174,419)	-	346,874,373 (320,329,429)	91,095,178 (59,369,416)	31,383,938 (31,525,762)	-	122,479,116 (91,095,178)	224,395,257 (229,234,250)	229,234,250 (243,585,594)
<b>Total</b>	<b>2,237,872,149</b> <b>(2,215,177,558)</b>	<b>336,481,599</b> <b>(22,694,591)</b>	<b>-</b>	<b>2,574,353,748</b> <b>(2,237,872,149)</b>	<b>533,491,781</b> <b>(369,133,246)</b>	<b>173,922,294</b> <b>(164,358,535)</b>	<b>-</b>	<b>707,414,075</b> <b>(533,491,791)</b>	<b>1,866,939,673</b> <b>(1,704,380,367)</b>	<b>1,704,380,368</b> <b>(1,846,044,312)</b>
Previous year										

11 Intangible assets

	Gross Block			Amortisation				Net Block		
	As at 1 April 2019	Additions	Deletions	As at 31 March 2020	As at 1 April 2019	For the year	Deletions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Computer software	4,269,454 (4,269,454)	-	-	4,269,454 (4,269,454)	4,269,454 (4,269,454)	-	-	4,269,454 (4,269,454)	-	-
Right to use Intangible Assets										
Leasehold land (Note 1)	391,479,610 (391,479,610)	-	-	391,479,610 (391,479,610)	45,003,786 (41,949,446)	3,954,339 (3,954,340)	-	48,958,125 (45,003,786)	342,521,485 (346,475,825)	346,475,825 (350,430,164)
<b>Total</b>	<b>395,749,064</b> <b>(395,749,064)</b>	<b>-</b>	<b>-</b>	<b>395,749,064</b> <b>(395,749,064)</b>	<b>49,273,240</b> <b>(45,318,900)</b>	<b>3,954,339</b> <b>(3,954,340)</b>	<b>-</b>	<b>53,227,579</b> <b>(49,273,240)</b>	<b>342,521,485</b> <b>(346,475,825)</b>	<b>346,475,825</b> <b>(350,430,164)</b>
Previous year										

Note 1: The Company entered into an agreement with the Government of Kerala, whereby the Government has leased the land for a period of 99 years to develop a SmartCity in Kochi. The initial lease agreements were cancelled on 23 February 2011 and new lease agreements were executed for a period of 99 years with effect from 23 February 2011 with option of converting 12% of land into freehold land subject to approval of master plan. The master plan was approved at the Board of Directors meeting on 26 September 2013. During the current year, the Company has requested to the Government of Kerala to expedite the application related to conversion of eligible land to freehold land. However, the conversion is yet to materialise. Out of total land of 246 acres, 232.0728 acres (93.9165 hectares) of land is notified under Special Economic Zone vide notification dated 26 February 2014. As per the said notification, 131.4129 acres (53.1809 hectares) was notified with effect from 1 March 2011 and 100.6599 acres (40.7356 hectares) is notified with effect from 18 January 2013. The Company has commenced development activities as per the approved Master Plan.

SmartCity (Kochi) Infrastructure Private Limited

Notes to the financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
<b>12 Long-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Capital advances	12,774	259,200
Security deposits	3,844,226	3,831,572
Tax deducted at source, net of provisions	94,333,074	73,217,792
	<u>98,190,074</u>	<u>77,308,564</u>
<b>13 Other non-current assets</b>		
Long-term trade receivables:		
<i>Unsecured, considered good (Refer note 29)</i>	34,529,000	-
Balances with banks in deposit accounts (under lien) *	7,123,114	6,073,114
Lease equalisation receivable	10,816,413	17,493,244
	<u>52,468,527</u>	<u>23,566,358</u>
* includes Rs.70,50,000 fixed deposits taken for issuing Bank Guarantee and Letter of Credit to 'Kerala State Electricity Board' as electricity security deposits and Rs.73,114 as deposit to tax department.		
<b>14 Trade receivables</b>		
<i>Unsecured, considered good</i>		
Debts outstanding for a period exceeding six months from the date they are due for payment	-	42,268,121
Other debts	19,549,480	5,369,272
	<u>19,549,480</u>	<u>47,637,393</u>
<i>Unsecured, considered doubtful</i>		
Debts outstanding for a period exceeding six months from the date they are due for payment	-	2,721,333
Less : Provision for doubtful debts	-	(2,721,333)
	<u>19,549,480</u>	<u>47,637,393</u>
<b>15 Cash and bank balances</b>		
Cash on hand	7,607	15,688
Balances with banks in:		
Current accounts	8,333,834	39,811,049
Deposit accounts	11,094,954	10,608,309
	<u>19,436,395</u>	<u>50,435,046</u>
<b>16 Short-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Prepaid expenses	3,353,633	2,717,070
Balances with government authorities	248,270	262,408
Advance to suppliers	22,500	22,500
	<u>3,624,403</u>	<u>3,001,978</u>
<b>17 Other current assets</b>		
Lease equalisation receivable	3,786,119	3,786,119
Dues from related party	1,521,566	2,043,547
Interest accrued on deposits with banks	324,876	299,386
Assignment fee receivable from co-developer	-	37,500,000
	<u>5,632,561</u>	<u>43,629,052</u>

SmartCity (Kochi) Infrastructure Private Limited

Notes to the financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees, except share data and where otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>18 Revenue from operations</b>		
Operating lease rental from tenants	150,124,038	110,621,290
Income from long term land sub-leases	-	42,050,000
Income from infrastructure facilities	5,242,485	-
Annual maintenance charges from co-developers	17,043,150	15,680,050
Campus maintenance charges	34,881,732	26,761,881
Electricity and air-conditioning charges	40,801,210	26,052,127
Co-developer assignment fee	-	37,500,000
	<u>248,092,615</u>	<u>258,665,348</u>
<b>19 Other income</b>		
Interest on bank deposit	1,004,633	1,144,325
Interest on delayed payment of sub-lease charges	486,596	8,007,567
Gain on account of foreign exchange fluctuations	30,468	-
Miscellaneous income	2,474,686	4,281,746
	<u>3,996,383</u>	<u>13,433,638</u>
<b>20 Employee benefits expense</b>		
Salaries, wages and bonus	17,626,618	17,058,534
Contribution to provident fund and other funds	1,444,440	1,319,245
Staff welfare expenses	332,416	311,193
	<u>19,403,474</u>	<u>18,688,972</u>
<b>21 Depreciation and amortisation</b>		
Depreciation on property, plant and equipment	173,922,294	164,358,535
Amortization on intangible assets	3,954,339	3,954,340
	<u>177,876,633</u>	<u>168,312,875</u>
<b>22 Finance cost</b>		
Interest on long term borrowings	54,610,372	55,203,209
	<u>54,610,372</u>	<u>55,203,209</u>
<b>23 Other expenses</b>		
Power and fuel	41,550,175	26,834,536
Land lease charges	246	246
Repairs and maintenance - building	5,715,653	4,554,609
Repairs and maintenance - others	3,130,439	1,838,917
Rates and taxes	202,654	10,000
Travelling and conveyance	1,301,410	1,276,491
Legal, professional and consultancy	8,489,160	5,550,593
Communication expenses	284,725	390,146
Net loss on account of foreign exchange fluctuations	-	176,685
Advertisement and promotion	1,783,649	2,494,010
Bank charges	2,713,665	152,657
Insurance	1,658,838	1,759,659
Security and facility management charges	21,307,141	18,072,757
Bad debts written off	828,868	50,000
Miscellaneous expenses	2,918,646	3,984,168
	<u>91,885,269</u>	<u>67,145,474</u>

SmartCity (Kochi) Infrastructure Private Limited

Notes to the financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees, except share data and where otherwise stated)

24 Commitments and contingencies

Particulars	As at	As at
	31 March 2020	31 March 2019
Estimated amount of contracts on capital account remaining to be executed, net of capital advances	53,641,023	141,505,870
Income tax demands in dispute [Refer note (a) below]	44,947,160	44,947,160

Notes:

(a) The Company has received income tax assessment orders for AY 2012-13, AY 2013-14 and AY 2014-15, wherein the assessing officer has disallowed claim under section 35D of the Income Tax Act 1961 and certain deductions. The management believes that the position taken by it on these matters are tenable and hence, no adjustment has been made on the financial statements. The Company has filed appeals against the demands received. Also the Company has obtained stay against these orders for these years. Out of this, amount paid under protest for AY 2014-15 is INR 248,240 which has been disclosed as "Balance with Government authorities" under Short-Term loans and advances.

(b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

25 Expenditure in foreign currency

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
Insurance	561,395	572,170
Total	561,395	572,170

26 Auditor's remuneration (included in legal and professional fees, excluding service tax)

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
Statutory audit	650,000	650,000
Tax audit	200,000	200,000
Total	850,000	850,000

27 Loss per share

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
Loss attributable to equity shareholders	(91,686,750)	(43,381,625)
Weighted average number of equity shares of Rs. 10 each	195,000,000	195,000,000
Loss per equity share (face value of Rs.10 each)	(0.47)	(0.22)

28 Lease-hold land held for sub-lease

This item represents the balance inventory of leasehold land held for long term sub-lease.

29 Long-term trade receivables

This balance represents the dues receivable from Thefra Technopark Private Limited ("the Co-developer") which has been outstanding for a period of more than four years. There was a plot related issue with the Co-developer relating to trespass in the sub-leased land which was resolved by the Company. The co-developer failed to make the payment / commence construction within the communicated timelines including extensions thereof. Based on the ongoing written communications/ correspondence with the co-developer, the Company believes that these amounts are recoverable.

SmartCity (Kochi) Infrastructure Private Limited  
Notes to the financial statements for the year ended 31 March 2020  
(All amounts are in Indian rupees, except share data and where otherwise stated)

30 Gratuity

The following table set out the status of gratuity (defined benefit plan) as required under Accounting standard 15:

Reconciliation of the projected benefit obligation

Particulars	As at/ Year ended 31 March 2020	As at/ Year ended 31 March 2019
Obligation at the beginning of the year	507,279	440,736
Service cost	253,127	272,555
Interest cost	47,538	41,776
Actuarial losses	77,879	63,750
Benefits paid	(259,615)	(311,538)
<b>Obligation at the end of the year</b>	<b>626,208</b>	<b>507,279</b>
<b>Net liability recognised in balance sheet</b>	<b>626,208</b>	<b>507,279</b>
Service cost	253,127	272,555
Interest cost	47,538	41,776
Net actuarial losses	77,879	63,750
Net gratuity cost	<b>378,544</b>	<b>378,081</b>

Assumptions	As at/ Year ended 31 March 2020	As at/ Year ended 31 March 2019
Discount rate (Per annum)	7.50%	7.50%
Expected rate of salary increase	5.00%	5.00%
Rate of return on plan assets	N.A	N.A
Attrition	1.92%	1.92%
Expected average remaining working life of employees in number of years	27.86	28.09

31 Related parties

a) List of related parties

i) Where control exists

Particulars

Ultimate holding company  
Holding company  
Intermediate holding company

Name of the parties

Dubai Holding LLC, Dubai  
SmartCity (India) FZ LLC, Dubai  
SmartCity (Dubai) FZ LLC, Dubai

b) Particulars of transactions with related parties during the year:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
SmartCity (Dubai) FZ LLC		
Expenses incurred by related parties on behalf of the Company	561,395	572,170
Expenses incurred by the Company on behalf of related party	1,441,764	914,398

c) Amount outstanding as at the Balance sheet date:

Particulars	As at 31 March 2020	As at 31 March 2019
SmartCity (Dubai) FZ LLC		
a) Dues to related party	1,209,624	570,731
b) Dues from related party	1,521,566	2,043,547

32 Taxes

The Company being a Special Economic Zone (SEZ) developer is eligible for deduction of hundred per cent of profits and gains derived for a period of ten consecutive assessment years in the block of fifteen years beginning with the assessment year (AY 2011-12) relevant to the previous year in which the SEZ has been notified by the Central government, under Section 80IAB of the Income Tax Act, 1961. In view of available deduction, no provision is required to be made for current tax liability, except for tax on income from other sources.

Deferred tax liabilities (net)

	As at 31 March 2020	As at 31 March 2019
<i>Deferred tax liabilities</i>		
Arising from the timing difference in respect of:		
Property, plant and equipment	46,273,733	40,651,123
<i>Deferred tax assets</i>		
Arising from the timing difference in respect of:		
Carry forward losses (See note below)	46,110,919	39,624,356
Employee benefits	162,814	1,026,767
<b>Deferred tax liabilities (net)</b>	<b>-</b>	<b>-</b>

Pursuant to AS - 22 'Accounting for taxes on income', where there is an unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Accordingly, deferred tax asset arising out of unabsorbed depreciation as at 31 March 2020 has been restricted to the deferred tax liabilities as at that date.

**SmartCity (Kochi) Infrastructure Private Limited****Notes to the financial statements for the year ended 31 March 2020**

(All amounts are in Indian rupees, except share data and where otherwise stated)

**33 Segment reporting**

The Company is engaged into only one business namely development of knowledge-based township called SmartCity, Kochi, which includes the construction of Information Communication Technology and Media Business Park for the purpose of lease or renting. Accordingly there are no separate reportable segments according to AS 17 'Segment Reporting' issues under the Companies (Accounting Standards) Rules, 2006. Further, there is no reportable secondary segment based on the geographical locations as the Company's operations are only in India.

**34 Details of unhedged foreign currency exposure:**

a) The Company has not taken any derivative contracts to hedge its risk associated with foreign currency fluctuations.

b) Particulars of unhedged foreign currency exposures as at the Balance Sheet date:

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	In foreign currency	In Rupees	In foreign currency	In Rupees
Dues to related parties(In AED)	59,179	1,209,624	30,246	570,731
Dues from related party (In USD)	20,260	1,521,566	29,479	2,043,547
Creditors for capital expenditure (In AED)	22,076	451,230	22,076	416,566

**35 Outstanding lease obligations****Lessor**

The future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Receivable not later than one year	75,676,479	109,538,247
Receivable later than one year and not later than five years	58,748,425	96,414,440

36 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the financial year and expects such records to be in existence latest by the date of filing its income tax return as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

37 The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

38 In March 2020, the World Health Organization declared COVID 19 to be a pandemic. Governments around the world including India have been taking significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. The Company adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdown in the preparation of the financial statements including but not limited to its assessment of liquidity and going concern, recoverable values of its property, plant and equipment, intangible assets and the net realisable values of other assets. However, given the effect of the pandemic on the overall economic activity across the world, including India, the impact assessment of COVID-19 on the financial statements is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial statements.

39 The Registrar of Companies ('ROC') had granted extension to companies to conduct its Annual General Meeting ('AGM') till 31 December 2020, vide order ROC/ESTT/U.S.96/4659/2020 dated 8 September 2020. The Company has not been able to conduct the AGM as on the date of these financial statements. Management believes that, these delays may be condoned by the regulatory authorities and not expected to have any material impact on the financial statements or the functioning of the Company.

40 Previous year figures have been regrouped/ reclassified wherever necessary to conform to current years classification.

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

Firm registration number : 116231W/W-100024

**BABY PAUL**  
Digitally signed  
by BABY PAUL  
Date: 2021.02.23  
18:57:22 +05'30'

**Baby Paul**

Partner

Membership No. 218255

Kochi

23 February 2021

for and on behalf of the Board of Directors of  
**SmartCity (Kochi) Infrastructure Private Limited**  
CIN: U70101KL2006FTC019125

**MANOJ MADHAVAN NAIR**  
Digitally signed by  
MANOJ MADHAVAN NAIR  
Date: 2021.02.23 16:42:08  
+05'30'

**Manoj Nair**  
Director and Chief Executive Officer  
DIN : 07156996

Kochi  
23 February 2021

**KHALID ABDULKARIM HUSSAIN ALMALIK**  
Digitally signed by  
KHALID ABDULKARIM  
HUSSAIN ALMALIK  
Date: 2021.02.23  
16:02:50 +05'30'

**Khalid Al Malik**  
Director  
DIN : 07943470

Dubai  
23 February 2021

Digitally signed by Manikandan I  
Date: 2021.02.23 14:25:40 +05'30'

**Manikandan I**  
Company Secretary  
Membership No: 59627

Kochi  
23 February 2021