

## **Independent Auditor's Report to the members of Inox Infrastructure Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **Inox Infrastructure Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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 ("the financial statements").

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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, its profit and total comprehensive income, changes in equity 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 Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report, including Annexures to Board's Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independent auditor's report to the members of Inox Infrastructure Limited on the financial statements for the year ended 31 March 2020 (continued)**

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement 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.

**Independent auditor's report to the members of Inox Infrastructure Limited on the financial statements for the year ended 31 March 2020 (continued)**

- Obtain an understanding of internal financial controls 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 system 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit, 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 including Other Comprehensive Income, the Statement of Changes in Equity and the 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 Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (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.

**Independent auditor's report to the members of Inox Infrastructure Limited on the financial statements for the year ended 31 March 2020 (continued)**

- (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 II. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Kulkarni and Company  
Chartered Accountants  
Firm's Registration No. 140959W

Place: Pune  
Date: 30 July 2020

A.D Talavlikar  
Partner  
Membership No. 130432  
UDIN: 20130432AAAAAY8804

**Annexure I to Independent auditor's report to the members of Inox Infrastructure Limited on the financial statements for the year ended 31 March 2020 – referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.**

In term of the Companies (Auditors Report) Order, 2016 ("the Order"), on the basis of information and explanation given to us and the books and records examined by us in the normal course of audit and such checks as we considered appropriate, to the best of our knowledge and belief, we state as under:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification. The title deeds of all immovable properties are held in the name of the Company.
2. The Company does not have any inventories and hence the provisions of clause 3(ii) of the Order are not applicable to the Company.
3. The Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and hence the provisions of clause 3(iii) of the Order are not applicable to the Company.
4. The Company has complied with the provisions of section 185 and section 186 of the Act in respect of investments made. The Company has not granted any loans or provided any security or guarantees covered under section 185 and section 186 of the Act.
5. The Company has not accepted any deposits within the meaning of section 73 to 76 of the Companies Act, 2013 or any other relevant provisions and the Rules framed thereunder and hence the provisions of clause 3(v) of the Order are not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for the activities of the Company and hence the provisions of clause 3(vi) of the Order are not applicable to the Company.
7. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income-tax, Goods and Service Tax and other material statutory dues applicable to it. There are no undisputed amounts payable in respect of such statutory dues which were in arrears as at 31 March, 2020 for a period of more than six months from the date they become payable.

There are no dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax or Goods and Service Tax which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans and borrowings to banks and the Company did not have any borrowings from financial institutions, Government or by way of debentures.

**Annexure I to Independent Auditor's Report to the members of Inox Infrastructure Limited on the financial statements for the year ended 31 March 2020 (continued)**

9. The Company has applied the moneys raised by way of term loans for the purpose for which these loans were raised. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments).
10. No fraud by the Company or fraud on the Company by its officers has been noticed or reported during the course of our audit.
11. The Company has not paid any managerial remuneration and hence the provisions of clause 3(xi) of the Order are not applicable to the Company.
12. The Company is not a Nidhi Company and hence the provisions of clause 3(xii) of the Order are not applicable to the Company.
13. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence the provisions of clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non-cash transactions with directors or persons connected with them and hence the provisions of clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For Kulkarni and Company  
Chartered Accountants  
Firm's Registration No. 140959W

Place: Pune  
Date: 30 July 2020

A.D Talavlikar  
Partner  
Membership No. 130432

**Annexure II to Independent auditor’s report to the members of Inox Infrastructure Limited on the financial statements for the year ended 31 March 2020 – referred to in paragraph 2(f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to financial statements of **Inox Infrastructure 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.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditor’s 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 internal financial controls with reference to financial statements, 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 Ind AS financial statements, whether due to fraud or error.

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

**Annexure II to Independent Auditor's Report to the members of Inox Infrastructure Limited on the financial statements for the year ended 31 March 2020 - referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date (continued)**

**Meaning of Internal Financial Controls with reference to Financial Statements**

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

**Inherent Limitations of Internal Financial Controls 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.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2020 based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Kulkarni and Company  
Chartered Accountants  
Firm's Registration No. 140959W

Place: Pune  
Date: 30 July 2020

A.D Talavlikar  
Partner  
Membership No. 130432

**INOX INFRASTRUCTURE LIMITED**  
**Balance Sheet as at 31st March, 2020**

(Rs. In Lakhs)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant & equipment	5	-	1.43
(b) Investment property	6	255.57	257.34
(c) Financial assets			
(i) Investments			
- Investment in associates	7	200.00	3,200.00
- Other investments	8	1,212.27	1,828.44
(ii) Loans	9	0.34	0.34
<b>Sub-total</b>		<b>1,668.18</b>	<b>5,287.55</b>
<b>(2) Current assets</b>			
(a) Financial assets			
(i) Other investments	8	1,129.09	644.65
(ii) Cash & cash equivalents	11	6.09	6.25
(iii) Other current financial assets	10	1,800.10	-
(b) Other current assets	12	1.56	2.20
<b>Sub-total</b>		<b>2,936.84</b>	<b>653.10</b>
Assets held for sale	13	3,200.00	-
<b>Total assets</b>		<b>7,805.02</b>	<b>5,940.65</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	5,000.00	5,000.00
(b) Other equity	15	1,048.12	918.47
<b>Sub-total</b>		<b>6,048.12</b>	<b>5,918.47</b>
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	1,729.30	-
(b) Deferred tax liabilities	17	0.87	8.33
<b>Sub-total</b>		<b>1,730.17</b>	<b>8.33</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables			
a. total outstanding dues of micro enterprises and small enterprises	18	-	-
b. total outstanding dues of creditors other than micro enterprises and small enterprises	18	0.24	0.24
(ii) Other financial liabilities	19	2.79	2.77
(b) Other current liabilities	20	2.41	2.47
(c) Current tax liabilities	21	21.29	8.37
<b>Sub-total</b>		<b>26.73</b>	<b>13.85</b>
<b>Total Equity &amp; Liabilities</b>		<b>7,805.02</b>	<b>5,940.65</b>

**INOX INFRASTRUCTURE LIMITED**

**Balance Sheet as at 31st March, 2020 - continued**

**The accompanying notes are an integral part of the financial statements**

As per our report of even date attached

**For Kulkarni and Company**

Chartered Accountants

Firm's Registration No. 140959W

**For Inox Infrastructure Limited**

**A. D. Talavlikar**

Partner

Membership No. 130432

**Vivek Jain**

Director

DIN - 00029968

Place : New Delhi

**Pavan Jain**

Director

DIN - 00030098

Place : Mumbai

**Mukesh Patni**

Chief Financial Officer

Place : New Delhi

**Bhavi Shah**

Company Secretary

Place : Vadodara

Place: Pune

Date: 30/07/2020

Date: 30/07/2020

## INOX INFRASTRUCTURE LIMITED

## Statement of Profit and Loss for the year ended on 31st March, 2020

(Rs. In Lakhs)

Particulars	Notes	2019-2020	2018-2019
<b>Revenue</b>			
I Revenue from operations		-	-
II Other income	22	197.80	180.77
<b>III Total Revenue (I+II)</b>		<b>197.80</b>	<b>180.77</b>
<b>IV Expenses</b>			
Finance costs	23	27.15	1.75
Depreciation	24	3.20	3.22
Other expenses	25	28.96	29.74
<b>Total expenses (IV)</b>		<b>59.31</b>	<b>34.71</b>
<b>V Profit before tax (III-IV)</b>		<b>138.49</b>	<b>146.06</b>
VI Tax expense	26		
(1) Current tax		16.30	42.30
(2) Deferred tax		(7.46)	4.93
(3) Taxation pertaining to earlier years		-	(2.30)
		<b>8.84</b>	<b>44.93</b>
<b>VII Profit for the year (V-VI)</b>		<b>129.65</b>	<b>101.13</b>
<b>VIII Other comprehensive income</b>		Nil	Nil
<b>IX Total comprehensive income for the year (VII-VIII) (comprising profit and other comprehensive income for the year)</b>		<b>129.65</b>	<b>101.13</b>
X Basic and Diluted Earnings Per Share (in Rs.)	28	0.26	0.20

## The accompanying notes are an integral part of the financial statements

As per our report of even date attached

## For Kulkarni and Company

Chartered Accountants

Firm's Registration No. 140959W

## For Inox Infrastructure Limited

## A. D. Talavlikar

Partner

Membership No. 130432

## Vivek Jain

Director

DIN - 00029968

Place : New Delhi

## Pavan Jain

Director

DIN - 00030098

Place : Mumbai

## Mukesh Patni

Chief Financial Officer

Place : New Delhi

## Bhavi Shah

Company Secretary

Place : Vadodara

Place: Pune

Date: 30/07/2020

Date: 30/07/2020

## INOX INFRASTRUCTURE LIMITED

## Statement of Cash Flows for the year ended 31st March, 2020

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
<b>A Cash flow from operating activities</b>		
<b>Profit for the year</b>	<b>129.65</b>	<b>101.13</b>
<u>Adjustments for :</u>		
Tax expense	8.84	44.93
Finance costs	27.15	1.75
Interest income	-	(1.41)
Depreciation	3.20	3.22
Provision no longer required, written back	(0.29)	-
Share of Profit in LLP	(0.10)	-
Gain on investments carried at FVTPL	(197.41)	(179.36)
<i>Loss before working capital changes</i>	<b>(28.96)</b>	<b>(29.74)</b>
<u>Adjustments for :</u>		
Increase/(decrease) in trade payables	-	(0.42)
Increase/(decrease) in other liabilities	0.23	1.82
Increase/(decrease) in other financial liabilities	0.02	(20.39)
(Increase)/decrease in other assets	0.64	0.45
<i>Cash used in operations</i>	<b>(28.07)</b>	<b>(48.28)</b>
Income tax paid (net)	(4.19)	(55.14)
<b>Net cash used in operating activities</b>	<b>(32.26)</b>	<b>(103.42)</b>
<b>B Cash flow from investing activities</b>		
Purchase of non current investments	(200.00)	-
Current account contribution in LLP	(1,800.00)	-
Sale of non-current investments	313.00	-
Redemption of current investments	650.13	100.00
Purchase of current investments	(634.00)	(100.00)
Interest received	-	6.40
Inter-corporate deposit received back	-	100.00
<b>Net cash generated from/(used in) investment activities</b>	<b>(1,670.87)</b>	<b>106.40</b>

**INOX INFRASTRUCTURE LIMITED**

**Statement of Cash Flows for the year ended 31st March, 2020 - continued**

(Rs. In Lakhs)		
Particulars	2019-2020	2018-2019
<b>C Cash flow from financing activities</b>		
Proceeds from non-current borrowings	1,729.30	-
Finance costs	(26.33)	-
<b>Net cash generated from financing activities</b>	<b>1,702.97</b>	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(0.16)</b>	2.98
Cash and cash equivalents as at the beginning of the year	6.25	3.27
Cash and cash equivalents as at the end of the year	6.09	6.25

**Changes in liabilities arising from financing activities during the year ended 31st March, 2020**

(Rs. In Lakhs)	
Particulars	Non-current borrowings
Opening balance	-
Cash flows	1,729.30
Interest expense	24.00
Interest paid	(24.00)
<b>Closing balance</b>	<b>1,729.30</b>

**Notes:**

- 1) The above statement of cash flows has been prepared under the indirect method.
- 2) Components of cash and cash equivalents are as per Note 11
- 3) The accompanying notes are an integral part of the Financial Statements.

As per our report of even date attached

**For Kulkarni and Company**

Chartered Accountants

Firm's Registration No. 140959W

**For Inox Infrastructure Limited**

**A. D. Talavlikar**

Partner

Membership No. 130432

**Vivek Jain**

Director

DIN - 00029968

Place : New Delhi

**Pavan Jain**

Director

DIN - 00030098

Place : Mumbai

**Mukesh Patni**

Chief Financial Officer

Place : New Delhi

**Bhavi Shah**

Company Secretary

Place : Vadodara

Place: Pune

Date: 30/07/2020

Date: 30/07/2020

**INOX INFRASTRUCTURE LIMITED****Statement of changes in equity for the year ended 31st March, 2020**

<b>A. Equity Share Capital</b>	<b>(Rs. In Lakhs)</b>
<b>Balance as at 1st April, 2018</b>	5,000.00
Changes in equity share capital during the year	-
<b>Balance as at 31st March, 2019</b>	<b>5,000.00</b>
Changes in equity share capital during the year	-
<b>Balance as at 31st March, 2020</b>	<b>5,000.00</b>

**B. Other Equity**

<b>Reserves &amp; Surplus - Retained Earnings</b>	<b>(Rs. In Lakhs)</b>
<b>Balance as at 1st April, 2018</b>	<b>817.34</b>
Profit for the year	101.13
Other comprehensive income for the year	-
<b>Balance as at 31st March, 2019</b>	<b>918.47</b>
Profit for the year	129.65
Other comprehensive income for the year	-
<b>Balance as at 31st March, 2020</b>	<b>1,048.12</b>

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date attached

**For Kulkarni and Company**

Chartered Accountants

Firm's Registration No. 140959W

**For Inox Infrastructure Limited**

**A. D. Talavlikar**

Partner

Membership No. 130432

**Vivek Jain**

Director

DIN - 00029968

Place : New Delhi

**Pavan Jain**

Director

DIN - 00030098

Place : Mumbai

**Mukesh Patni**

Chief Financial Officer

Place : New Delhi

**Bhavi Shah**

Company Secretary

Place : Vadodara

Place: Pune

Date: 30/07/2020

Date: 30/07/2020

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

#### **1. Company information**

Inox Infrastructure Limited (“the Company”) is engaged in the business of real estate and property development. The Company is a subsidiary of GFL Limited (earlier known Gujarat Fluorochemicals Limited) and its ultimate holding company is Inox Leasing and Finance Limited. All the activities of the Company are in India.

The Company’s registered office is situated at 612-618, Narain Manzil, 6th Floor, 23, Barakhambha Road, New Delhi – 110 001.

#### **2. Statement of compliance and basis of preparation and presentation**

##### **2.1 Statement of Compliance**

These financial statements of the Company comply in all material aspects with the Indian Accounting Standards (“Ind AS”) notified under section 133 of the Companies Act, 2013 (“the Act”), read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, relevant provisions of the Act and other accounting principles generally accepted in India, except where a newly issued accounting standard initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use (see Note 2.5) and the disclosures in respect of significant accounting policies are made accordingly.

These financial statements were authorized for issue by the Company’s Board of Directors on 30 July, 2020.

##### **2.2 Basis of preparation, presentation and measurement**

These financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

These financial statements have been prepared on an accrual basis and the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Any asset or liability is classified as current if it satisfies any of the following conditions:

- the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- the asset is intended for sale or consumption;
- the asset/liability is held primarily for the purpose of trading;
- the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months.

#### **2.3 Amendments to existing accounting standards and recent accounting pronouncements:**

a. Amendments to existing accounting standards applicable to the Company:

- Amendments to Ind AS 12: Income tax:

On 30<sup>th</sup> March 2019, Ministry of Corporate Affairs had notified Appendix C: Uncertainty over Income-Tax Treatments. The interpretation addressed the accounting of income taxes when tax treatment involves uncertainty that affects the application of Ind AS 12. The effective date for adoption of Ind AS 12 Appendix C was annual periods beginning on or after 1 April 2019.

Further, the amendments to Ind AS 12 clarified that the income tax consequences of dividend were linked more directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore, an entity recognises the income tax consequences of dividend in the statement of profit and loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. These amendments are applicable from annual periods beginning on or after April 1, 2019. These amendments have no impact on the Company's financial statements.

- Amendment to Ind AS 28: Investment in Associates and Joint Ventures:

The amendment clarified the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under Ind AS 109 before applying the loss allocation and impairment requirements in Ind AS 28. This amendment has no impact on the Company's financial statements.

b. New accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. As per Notification dated 24th July 2020, amendments to the existing standards have been notified. All these amendments are effective for annual periods beginning 1st April 2020. The summary of these amendments is as under:

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### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

- Amendments to Ind AS 103 Business Combination: The amendments substitute the existing definition of “business” with a more detailed definition and also provides optional test to identify concentration of fair value, element of Businesses and Assessing whether an acquired process is substantive. These amendments will apply to future business combinations.
- Amendments to Ind AS 107 Financial Instruments – Disclosures: The amendments prescribe additional disclosures in respect of uncertainty arising from interest rate benchmark reform.
- Amendments to Ind AS 109 Financial Instruments: The amendments provide certain temporary exceptions from applying specific hedge accounting requirements. These amendments will have no impact on the Company’s financial statements.
- Amendments to Ind AS 116 Leases: The amendments provide a practical expedient for treatment of rent concessions occurring as a direct consequence of COVID-19 pandemic and related clarifications. These amendments will have no impact on the Company’s financial statements.
- Amendments to Ind AS 1 Presentation of Financial Statements and Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors: The amendments provide a new definition of the term “material” and also provides related clarifications.
- Amendments to Ind AS 10 Events after the Reporting Period: The conditions requiring disclosure for a non-adjusting event has been elaborated.
- Amendments to Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets: The amendments are consequent to amendments to Ind AS 1, Ind AS 8 and Ind AS 10, and also provides clarifications in respect of restructuring plans.

### **3. Significant Accounting Policies**

#### **3.1 Income recognition**

Interest income from a financial asset is recognised on time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate which exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

#### **3.2 Taxation**

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

##### **Current tax:**

The Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### **Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. Deferred tax assets include Minimum Alternate Tax (MAT) paid on the book profits, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognised as an deferred tax assets in the Balance Sheet if there is convincing evidence that the Company will pay normal tax within the period specified for utilization of such credit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Presentation of current and deferred tax:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

### **3.3 Property, plant and equipment**

An item of Property, Plant and Equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, property, plant and equipment are carried at cost, as reduced by accumulated depreciation and impairment losses, if any.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

Cost comprises of purchase price / cost of construction, including non-refundable taxes or levies and any expenses attributable to bring the PPE to its working condition for its intended use. Project pre-operative expenses and expenditure incurred during construction period are capitalized to various eligible PPE. Borrowing costs directly attributable to acquisition or construction of qualifying PPE are capitalized.

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### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

Spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation is recognised so as to write off the cost of PPE (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The useful lives prescribed in Schedule II to the Companies Act, 2013 are considered as the minimum lives. If the management's estimate of the useful life of property, plant and equipment at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

PPE are depreciated over its estimated useful lives, determined as under:

- Furniture and fixtures                      10 Years

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### **3.4 Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model.

Depreciation is recognised so as to write off the cost of investment properties less their residual values over their useful lives, using the straight-line method. The useful lives prescribed in Schedule II to the Companies Act, 2013 are considered as the minimum lives. If the management's estimate of the useful life of investment properties at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**Inox Infrastructure Limited****Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

Investment properties are depreciated over estimated useful life as per Part C of Schedule II to the Companies Act, 2013.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**3.5 Impairment of tangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to measure fair value less cost of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement dates under market conditions, the asset's value in use is used as recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**3.6 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **3.7 Investment in Associates**

Investment in Associates are carried at cost less accumulated impairment, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in associates the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

Investments are accounted in accordance with Ind AS 105: 'Non-current Assets Held for Sale and Discontinued Operations' when they are classified as held for sale. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### **3.8 Non-current assets held for sale:**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any expected loss is recognized immediately in the statement of profit and loss.

The criteria for held for sale classification is regarded as met only when the assets are available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet

### **3.9 Provisions and contingencies**

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable

### **3.10 Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **A] Financial assets**

##### **a) Initial recognition and measurement:**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

##### **b) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

##### **c) Subsequent measurement:**

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

##### **i. Financial assets measured at amortized cost:**

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

**Inox Infrastructure Limited****Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances and loans of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

**ii. Financial assets measured at FVTOCI:**

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments, classified under financial assets, are initially measured at fair value. The Company may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument are recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVTOCI.

The Company does not have any financial assets in this category.

**iii. Financial assets measured at FVTPL:**

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in associate company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

**d) Foreign exchange gains and losses:**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

**e) Derecognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

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- iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability.

The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

**f) Impairment of financial assets:**

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Financial assets measured at amortized cost.
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

The Company does not have any exposure to trade receivables.

In case of other assets (listed as i and ii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

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### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Statement of Profit and Loss under the head 'Other expenses'/ 'Other income'.

#### **B] Financial liabilities and equity instruments**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **i. Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### **ii. Financial Liabilities: -**

###### **a) Initial recognition and measurement:**

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value.

###### **b) Subsequent measurement:**

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

The Company has not designated any financial liability as at FVTPL.

###### **c) Derecognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

#### **3.11 Earnings Per Share**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is

**Inox Infrastructure Limited****Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**4. Critical accounting judgements, assumptions and use of estimates**

The preparation of Company's financial statements requires management to make judgements, estimations and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision or future periods if the revision affects both current and future periods.

Following are the critical judgements, assumptions and use of estimates that have the most significant effects on the amounts recognized in these financial statements:

a) Investment in associates:

In respect of investment in an LLP, after considering the Company's interest in the entity and the terms of the LLP agreement, it is concluded that the Company exercises only significant influence over the entity and does not have joint control and hence the investment is classified as investment in an associate.

b) Income taxes

Provision for current tax is made based on reasonable estimate of taxable income computed as per the prevailing Income tax laws. The amount of such provision is based on various factors including interpretation of tax regulations, changes in tax laws, acceptance of tax positions in the tax assessments etc.

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

**5: Property, plant & equipment**

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Carrying amount of:</b>		
Furniture and fixtures	-	1.43
	-	<b>1.43</b>

(Rs. In Lakhs)

Particulars	Furniture and fixtures	Total
<b>I. Cost or Deemed Cost</b>		
Balance as at 1st April, 2018	<b>7.23</b>	7.23
Balance as at 31st March, 2019	<b>7.23</b>	7.23
Balance as at 31st March, 2020	<b>7.23</b>	7.23

(Rs. In Lakhs)

Particulars	Furniture and fixtures	Total
<b>II. Accumulated depreciation</b>		
<b>Balance as at 1st April, 2018</b>	<b>4.35</b>	<b>4.35</b>
Depreciation for the year	1.45	<b>1.45</b>
<b>Balance as at 31st March, 2019</b>	<b>5.80</b>	<b>5.80</b>
Depreciation for the year	1.43	<b>1.43</b>
<b>Balance as at 31st March, 2020</b>	<b>7.23</b>	<b>7.23</b>

(Rs. In Lakhs)

Particulars	Furniture and fixtures	Total
<b>III. Net carrying amount</b>		
Balance as at 31st March, 2019	1.43	<b>1.43</b>
Balance as at 31st March, 2020	-	-

**INOX INFRASTRUCTURE LIMITED**

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

**6: Investment property**

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Carrying amount of:</b>		
Land (*)	168.45	168.45
Building	87.12	88.89
	<b>255.57</b>	<b>257.34</b>

(Rs. In Lakhs)

Particulars	Land (*)	Building	Total
<b>I. Cost or Deemed Cost</b>			
Balance as at 1st April, 2018	168.45	96.31	264.76
Balance as at 31st March, 2019	168.45	96.31	264.76
Balance as at 31st March, 2020	<b>168.45</b>	<b>96.31</b>	<b>264.76</b>

(Rs. In Lakhs)

Particulars	Land (*)	Building	Total
<b>II. Accumulated depreciation</b>			
Balance as at 1st April, 2018	-	5.65	5.65
Depreciation for the year	-	1.77	1.77
Balance as at 31st March, 2019	-	7.42	7.42
Depreciation for the year	-	1.77	1.77
Balance as at 31st March, 2020	-	9.19	9.19

(Rs. In Lakhs)

Particulars	Land (*)	Building	Total
<b>III. Net carrying amount</b>			
Balance as at 31st March, 2019	168.45	88.89	257.34
Balance as at 31st March, 2020	168.45	87.12	255.57

(\*) The land is taken on lease for 999 years.

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020****6: Investment property - continued****6.1 Fair Value of Investment Properties**

Fair valuation of Investment Properties as at 31st March 2020 and 31st March 2019 have been arrived at on the basis of valuation carried out on the respective dates by an independent valuer not related to the Company. The valuer is registered with the authority which governs the valuers in India, and in the opinion of management he has appropriate qualifications and recent experience in the valuation of properties. For all Investment properties, fair value was determined based on the area and locality, facilities available and present rate of similar type of buildings in the vicinity. The value adopted is made with reference to the rates observed by the valuers for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties.

**6.2 Details of the investment properties and information about fair value hierarchy :**

Level 3	Fair value as at	
	31st March, 2020	31st March, 2019
Land (*)	586.35	575.57
Building	353.17	336.33
<b>Total</b>	<b>939.52</b>	<b>911.90</b>

**6.3 The expenses related to investment property are as under :**

Particulars	(Rs. In Lakhs)	
	2019-20	2018-19
Insurance	0.14	0.14
Housekeeping & maintenance expenses	4.29	3.12
Electricity expenses	0.11	0.11
	<b>4.54</b>	<b>3.37</b>

**INOX INFRASTRUCTURE LIMITED**
**Notes to the financial statements for the year ended 31st March, 2020**
**7: Investment in associates**
**(Rs. In Lakhs)**

Particulars	Face Value (Rs.)	As at 31st March, 2020		As at 31st March, 2019	
		Nos.	Amounts	Nos.	Amounts
<b>Non-current Investments</b>					
<b>Investment Measured at Cost</b>					
<b>In Equity Instruments - unquoted, partly paid up</b>					
Megnasolace City Private Limited	10	5,000,000	3,200.00	5,000,000	3,200.00
Equity shares of Rs.10/- each - paid up Rs. 1.60 per share (31st March, 2019: Rs. 1.60 per share) (*)					
Less: Reclassified as asset held for sale (see Note 13)			(3,200.00)		-
			-		3,200.00
<b>In Limited Liability Partnership</b>					
Nexome Realty LLP (**) - See Note 31			200.00		-
<b>Sub-total</b>			<b>200.00</b>		<b>3,200.00</b>
<b>Total of Investments measured at Cost</b>			<b>200.00</b>		<b>3,200.00</b>
Aggregate carrying value of unquoted investments			200.00		3,200.00
Aggregate amount of impairment in value of investments			-		-

(\*) Uncalled amount payable by the Company in respect of above shares is Rs. 16,800 Lakhs (31st March, 2019 Rs. 16,800 Lakhs)

(\*\*) The balance in the current account with Nexome Realty LLP is disclosed under "Other current financial assets" (Note 10).

**Details of material associates:**

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights held	
			As at 31 March 2020	As at 31 March 2019
a) Megnasolace City Private Limited (reclassified as asset held for sale - see Note 13)	Real Estate	India	-	50%
b) Nexome Realty LLP	Real Estate	India	20%	-

**INOX INFRASTRUCTURE LIMITED**
**Notes to the financial statements for the year ended 31st March, 2020**
**8: Other investments (measured at FVTPL)**
**(Rs. In Lakhs)**

Particulars	Face Value (Rs.)	As at 31st March, 2020		As at 31st March, 2019	
		Nos.	Amounts	Nos.	Amounts
<b>Non-current</b>					
<b>Investments in mutual funds (quoted, fully paid up)</b>					
Reliance Fixed Horizon Fund Sr. 9 - Direct Growth	10	-	-	2,500,000	302.38
HDFC FMP 1430 Days July 2017(1)-Direct-Growth - Sr. 38	10	10,000,000	1,212.27	10,000,000	1,111.36
Kotak FMP Series 210-Direct-Growth	10	6,500,000	776.94	6,500,000	717.08
<b>Total</b>			<b>1,989.21</b>		<b>2,130.82</b>
Less: Current portion of non-current investments disclosed under current investments			776.94		302.38
<b>Total Non-current Investments (a)</b>			<b>1,212.27</b>		<b>1,828.44</b>

Note: The Company has lien above mutual funds (including current portion of non-current investments) against long- term borrowing (see Note 16)

**(Rs. In Lakhs)**

Particulars	Face Value (Rs.)	As at 31st March, 2020		As at 31st March, 2019	
		Nos.	Amounts	Nos.	Amounts
<b>Current</b>					
<b>Current portion of non-current investments</b>			776.94		302.38
<b>Investments in mutual funds (unquoted, fully paid up)</b>					
ICICI Prudential Liquid Fund-Direct Plan-Growth	10	-	-	85,330	235.87
Kotak Liquid Fund-Direct Plan-Growth	1000	-	-	2,812	106.40
Nippon India Liquid Fund-Direct Plan-Growth	1000	588	28.53	-	-
HDFC Liquid Fund - Direct Plan - Growth	1000	8,284	323.62	-	-
<b>Total</b>			<b>352.15</b>		<b>342.27</b>
<b>Total current investments (b)</b>			<b>1,129.09</b>		<b>644.65</b>
<b>Total other investments (a+b)</b>			<b>2,341.36</b>		<b>2,473.09</b>
Aggregate carrying value of quoted investments			1,989.21		2,130.82
Aggregate market value of quoted investments			1,989.21		2,130.82
Aggregate carrying value of unquoted investments			352.15		342.27
Aggregate amount of impairment in value of investments			-		-

**Category wise other investments - as per Ind AS 109 classification:**
**(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Financial assets measured at fair value through profit and loss (FVTPL)</b>		
Investment in Mutual Funds	2,341.36	2,473.09
	<b>2,341.36</b>	<b>2,473.09</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020****9: Loans**

(Unsecured, considered good)

**(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Non-current</b>		
Security deposit	0.34	0.34
	<b>0.34</b>	<b>0.34</b>

**10: Other financial assets**

(Unsecured, considered good)

**(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Current</b>		
Current account with Nexome Realty LLP (see Note 31)	1,800.10	-
<b>Total</b>	<b>1,800.10</b>	<b>-</b>

**11: Cash & cash equivalents****(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with banks - in current accounts	6.05	6.21
Cash on hand	0.04	0.04
	<b>6.09</b>	<b>6.25</b>

**12: Other current assets****(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Prepaid expenses	0.06	0.07
Advances for expenses	1.50	2.13
	<b>1.56</b>	<b>2.20</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020****13: Asset held for Sale****(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Investment in Associate Company</b>		
Unquoted Investments (partly paid)		
Megnasolace City Private Limited - Equity shares of Rs.10/- each - Paid up		
Rs. 1.60 per share (*)	3,200.00	
	<b>3,200.00</b>	-

The Company had exercised its put option to divest its entire investment in Megnasolace City Private Limited (MCPL). This was disputed by the promoters of MCPL and the matter was contested before the appropriate Civil Court. During the year, as per the order dated 29th July 2019 passed by the Civil Court, the matter was disposed of in terms of the consent terms reached between the two parties. Accordingly, the put option exercised by the Company is held to be valid and the other party is required to pay a sum of Rs. 3,200 lakhs to the Company for transfer of the Company's investment in MCPL, within a period of eighteen months from the date of the order. Accordingly, the Company's investment in MCPL has been now classified as asset held for sale and the same is measured in accordance with Ind AS 105 "Non-Current Assets Held for Sale and Discontinued Operations" at lower of its carrying amount and fair value less cost to sell. The Company is not entitled to any profit or losses of MCPL since the Company will receive the agreed consideration of Rs. 3,200 lakhs. The Company expects to complete the transfer by April 2021 as per the consent terms and the court order.

(\*) Uncalled amount payable by the Company in respect of above shares is Rs. 16,800 Lakhs (31st March, 2019 Rs. 16,800 Lakhs)

**INOX INFRASTRUCTURE LIMITED**

**Notes to the financial statements for the year ended 31st March, 2020**

**14: Equity share capital**

**(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorized		
5,00,00,000 (31st March, 2019: 5,00,00,000) equity shares of Rs. 10 each	5,000.00	5,000.00
Issued, subscribed and fully paid up		
5,00,00,000 (31st March, 2019: 5,00,00,000) equity shares of Rs. 10 each	5,000.00	5,000.00
	<b>5,000.00</b>	<b>5,000.00</b>

**Reconciliation of shares outstanding at the beginning and at the end of the year**

As at 31st March, 2020	Nos.	(Rs. In Lakhs)
At the beginning of the year	50,000,000	5,000.00
<b>At the end of the year</b>	<b>50,000,000</b>	<b>5,000.00</b>
<b>As at 31st March, 2019</b>	<b>Nos.</b>	<b>(Rs. In Lakhs)</b>
At the beginning of the year	50,000,000	5,000.00
<b>At the end of the year</b>	<b>50,000,000</b>	<b>5,000.00</b>

**Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held and entitled to receive dividend as declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, in proportion of their shareholding.

Shares held by Holding company	(Nos.)	(Rs. In Lakhs)
<b>As at 31st March, 2020</b>		
GFL Limited (earlier known as Gujarat Fluorochemicals Limited)(*)	50,000,000	5,000.00
<b>As at 31st March, 2019</b>		
GFL Limited (earlier known as Gujarat Fluorochemicals Limited)(*)	50,000,000	5,000.00
<b>Details of shareholders holding more than 5% shares in the Company</b>	<b>(Nos.)</b>	<b>Holding %</b>
<b>As at 31st March, 2020</b>		
GFL Limited (earlier known as Gujarat Fluorochemicals Limited)(*)	50,000,000	100.00%
<b>As at 31st March, 2019</b>		
GFL Limited (earlier known as Gujarat Fluorochemicals Limited)(*)	50,000,000	100.00%

(\*) Including shares held through nominee shareholders

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020****15: Other equity** **(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Retained earnings	1,048.12	918.47
	<b>1,048.12</b>	<b>918.47</b>
<b>Retained earnings</b>		
Balance as at beginning of the year	918.47	817.34
Profit for the year	129.65	101.13
Balance as at end of the year	<b>1,048.12</b>	<b>918.47</b>

The amount that can be distributed by the Company as dividends to its equity shareholders is determined after considering the requirements of the Companies Act, 2013. Thus, the amounts reported above may not be distributable in entirety.

**16: Non-current borrowings** **(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
<b>From bank</b>		
- Rupee term loan	1,729.30	-
	<b>1,729.30</b>	-

**Notes:****a) The terms of repayment of term loan from bank is as under:**

The entire term loan is repayable in a single bullet repayment after 18 months from date of disbursement i.e. 6th February, 2020 and carries effective interest @ 9.22% p.a.

**b) Securities provided for secured loans:**

The term loan from bank is secured by first charge by way of lien on certain mutual funds at loan-to-value (LTV) of 90% of the NAV. (see Note 8)

c) There is no default on repayment of principal or payment of interest on borrowing.

**17: Deferred tax liabilities** **(Rs. In Lakhs)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred tax liabilities (see Note 30)	0.87	8.33
	<b>0.87</b>	<b>8.33</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020**

<b>18: Trade payables</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>	
Trade payables			
- Dues of micro enterprises and small enterprises	-	-	
- Dues to creditors other than micro enterprises and small enterprises	0.24	0.24	
	<b>0.24</b>	<b>0.24</b>	

There is no amount due to "Micro or Small Enterprises" under Micro, Small and Medium Enterprises Act, 2006. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company. Further no interest is paid/payable in terms of section 16 of the said Act.

<b>19: Other financial liabilities</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>	
Expenses payable	2.79	2.77	
	<b>2.79</b>	<b>2.77</b>	

<b>20: Other current liabilities</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>	
Statutory dues and taxes payable	2.41	2.47	
	<b>2.41</b>	<b>2.47</b>	

<b>21: Current tax liabilities</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>	
Provision for taxation (net of payment)	21.29	8.37	
	<b>21.29</b>	<b>8.37</b>	

**INOX INFRASTRUCTURE LIMITED**

**Notes to the financial statements for the year ended 31st March, 2020**

<b>22: Other income</b>	<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2019-2020</b>	<b>2018-2019</b>
<b>a. Interest income, calculated using effective interest method</b>		
- Electricity deposit	-	0.03
- on Inter corporate deposit	-	1.38
Dividend on current investments	-	-
Provision for diminution in the value of Long term Investment	108.39	151.99
Provision for diminution in the value of Current Investment	(28.57)	18.91
Profit and loss on sale of long term investments	63.00	-
Profit and loss on sale of current investments	54.59	8.46
<b>b. Share of Profit in LLP (see Note 31)</b>	0.10	-
<b>c. Provision no longer required, written back</b>	0.29	-
<b>d. Net gain on financial assets measured at fair value through profit or loss</b>		
- Mutual Funds	197.41	179.36
	<b>197.80</b>	<b>180.77</b>
Note: Realised gain on mutual funds	117.59	8.46

<b>23: Finance costs</b>	<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2019-2020</b>	<b>2018-2019</b>
<b>(a) Interest on financial liabilities</b>		
Interest on borrowings	24.00	-
	<b>24.00</b>	-
<b>(b) Other interest</b>		
Interest on income tax	0.82	1.75
Other interest expenses	0.02	-
	<b>0.84</b>	<b>1.75</b>
<b>(c) Other borrowing costs</b>	<b>2.31</b>	
	<b>27.15</b>	<b>1.75</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020**

<b>24: Depreciation</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2019-2020</b>	<b>2018-2019</b>	
Depreciation of property, plant & equipment	1.43	1.45	
Depreciation of investment property	1.77	1.77	
	<b>3.20</b>	<b>3.22</b>	

<b>25: Other expenses</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2019-2020</b>	<b>2018-2019</b>	
Insurance	0.14	0.14	
Property repairs and maintenance expenses	4.40	3.23	
Directors' sitting fees	6.20	6.20	
Rates and taxes	4.87	3.31	
Legal and professional fees and expenses	13.09	16.82	
Miscellaneous expenses	0.26	0.04	
	<b>28.96</b>	<b>29.74</b>	

**Payments to Auditors (Included in Legal & professional fees and expenses)**

<b>(Rs. In Lakhs)</b>		
<b>Particulars</b>	<b>2019-2020</b>	<b>2018-2019</b>
Statutory audit fees	1.25	1.00

Note: Above amounts are exclusive of GST

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020****26: Tax expense****26.1 Income tax recognised in profit or loss****(Rs. In Lakhs)**

Particulars	2019-2020	2018-2019
<b>Current tax</b>		
In respect of current year	16.30	42.30
In respect of earlier years	-	(2.30)
	16.30	40.00
<b>Deferred tax</b>		
In respect of current year	(7.46)	4.93
<b>Total Income tax expense recognized in profit or loss</b>	<b>8.84</b>	<b>44.93</b>

26.2 The income tax expense for the year can be reconciled to the accounting profit as follows:

**(Rs. In Lakhs)**

Particulars	2019-2020	2018-2019
Profit before tax	138.49	146.06
Income tax expense calculated @ 25.17% (2018-19: 26%)	34.86	37.98
Effect of notional income	2.47	2.55
Effect of expenses that are not deductible in determining taxable profit	14.93	14.05
Effect of tax on capital gains (including utilization of unrecognized tax losses)	(43.42)	(44.44)
Effect of non recognition of MAT credit entitlement	-	37.09
	<b>8.84</b>	<b>47.23</b>
Taxation in respect of earlier years	-	(2.30)
<b>Income tax expense recognised in profit and loss</b>	<b>8.84</b>	<b>44.93</b>

**26.3 Tax rate used for reconciliations above are as under:**

a) The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 with effect from 1 April 2019. Thus, for the financial year 2019-20, the applicable tax rate for the company is 25.17% as against the earlier rate of 26%.

b) For the financial year 2018-19 corporate tax rate of 26 % payable by corporate entities in India (where gross turnover is upto Rs. 250 crore in the FY 2016-17)

## INOX INFRASTRUCTURE LIMITED

### Notes to the financial statements for the year ended 31st March, 2020

#### 27: Segment information

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and segment performance focuses on single business segment of Real Estate and Property Development and hence there is only one reportable business segment in terms of Ind AS 108: Operating Segment. Further, all the activities of the Company are in India and hence there is a single geographical segment.

#### 28: Earning per share

Particulars	2019-2020	2018-2019
a) Net profit as per statement of Profit and Loss (Rs. in lakhs)	129.65	101.13
b) Weighted average number of equity shares used in calculation of basic and diluted EPS (Nos)	50,000,000	50,000,000
c) Nominal value of equity share (Rs.)	10	10
d) Basic and diluted earnings per equity share (Rs.)	<b>0.26</b>	<b>0.20</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020****29 Financial Instruments:****29.1 Capital Management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt and total equity of the Company. The Company is not subject to any externally imposed capital requirement. The Company is not subject to any externally imposed capital requirements. The Company's Board of Directors (BOD) reviews the capital structure of the Company. As part of this review, BOD considers the cost of capital and risk associated with each class of capital.

**29.2 The gearing ratio at the end of the reporting period was as follows:**

Particulars	As at 31st March, 2020
Total debt	1,729.30
Less: Cash and bank balances	6.09
<b>Net Debt</b>	<b>1,723.21</b>
Total Equity	6,048.12
<b>Net Debt to equity Ratio</b>	<b>28.49%</b>

Note:

- a) Debt is defined as long term borrowing (See Note 16)
- b) Cash and bank balances include cash and cash equivalents.

**29.3 Categories of financial instruments**

Particulars	(Rs. In Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
<b>a) Financial assets</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Mandatorily measured as at FVTPL		
Investments in Mutual Funds	2,341.36	2,473.09
<b>Sub Total</b>	<b>2,341.36</b>	<b>2,473.09</b>
<b>Measured at amortised cost</b>		
(a) Cash & Cash Equivalents	6.09	6.25
(b) Loans	0.34	0.34
(c) Other financial assets	1,800.10	-
<b>Sub Total</b>	<b>1,806.53</b>	<b>6.59</b>
<b>Total financial assets</b>	<b>4,147.89</b>	<b>2,479.68</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020****29 Financial Instruments - continued****29.3 Categories of financial instruments - continued**

Particulars	(Rs. In Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
<b>b) Financial liabilities</b>		
<b>Measured at amortised cost</b>		
(a) Borrowings	1,729.30	-
(b) Trade Payables	0.24	0.24
(c) Other current financial liabilities	2.79	2.77
<b>Total financial Liabilities</b>	<b>1,732.33</b>	<b>3.01</b>

The carrying amount reflected above represents the Company's maximum exposure to credit risk for such financial assets.

**29.4 Financial risk management**

The Company's principal financial liabilities comprise of borrowings, trade and other payables. The Company's principal financial assets include investments in associate, investments in mutual funds, loans, cash and cash equivalents derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

**a. Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in the market prices. Market risk comprises three types of risks: foreign currency risk, interest rate risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables.

**i) Foreign Currency risk management:**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company does not have any exposure to foreign currency. Hence, no foreign currency risk is perceived.

**ii) Interest rate risk management:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk since its entire borrowing is on fixed interest rate.

**iii) Other price risks:**

The Company is exposed to equity price risks arising from equity investments. Equity investment in associate is held for strategic rather than trading purposes. The entity does not actively trade in these investments. The Company's investments in mutual funds are in debt funds. Hence the Company's exposure to equity price risk is minimal.

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020****29 Financial Instruments - continued****b. Credit Risk Management**

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as cash and cash equivalents, investments in mutual funds. Credit risk arising from investment in money market liquid mutual funds is limited and there is no collateral held against these because the counterparties are recognised financial institutions with high credit ratings assigned by the various credit rating agencies, hence risk is minimal.

**c. Liquidity Risk Management**

Ultimate responsibility for Company's liquidity risk management rests with the senior management and its holding company. The Company generally manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and if needed, financial support of holding company.

**29.5 Liquidity and Interest risk tables**

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table below include only principal cash flows in relation to financial liabilities.

Particulars	(Rs. In Lakhs)			
	Less than 1 year	1 to 5 years	5 years and above	Total
	INR	INR	INR	INR
<b>As at 31st March, 2020</b>				
Borrowings		1,729.30		1,729.30
Trade Payables	0.24	-	-	0.24
Other financial liabilities	2.79	-	-	2.79
<b>Total</b>	<b>3.03</b>	<b>1,729.30</b>	<b>-</b>	<b>1,732.33</b>
<b>As at 31st March, 2019</b>				
Trade Payables	0.24	-	-	0.24
Other financial liabilities	2.77	-	-	2.77
<b>Total</b>	<b>3.01</b>	<b>-</b>	<b>-</b>	<b>3.01</b>

The above liabilities will be met by the Company from internal accruals, realization of current and non-current financial assets and support from holding company, whenever required.

**INOX INFRASTRUCTURE LIMITED**

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

**29.6 Fair Value Measurements****a. Fair Value of the Entity's financial assets and financial liabilities that are measured at fair value on a recurring basis:**

Financial Assets / financial liabilities	Fair Value as at		Fair Value hierarchy	Valuation technique(s) and key input(s)
	31 March 2020 (Rs. in lakhs)	31 March 2019 (Rs. in lakhs)		
1. Investments in Mutual Funds (see Note 8)	2,341.36	2,473.09	Level 1	Quoted prices in an active market

**b. Fair Value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**INOX INFRASTRUCTURE LIMITED**

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

**30 Deferred tax balances**

Particulars	(Rs. In Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Deferred tax liabilities	0.87	8.33
<b>Total</b>	<b>0.87</b>	<b>8.33</b>

**Deferred tax liabilities/(assets) in relation to: (Rs. In Lakhs)**

As at 31st March, 2020	Opening balance	Recognised in profit or loss	Closing balance
Investments classified as FVTPL	8.33	(7.46)	0.87
<b>Total</b>	<b>8.33</b>	<b>(7.46)</b>	<b>0.87</b>

**Deferred tax liabilities/(assets) in relation to: (Rs. In Lakhs)**

As at 31st March, 2019	Opening balance	Recognised in profit or loss	Closing balance
Investments classified as FVTPL	3.44	4.89	8.33
<b>Total</b>	<b>3.44</b>	<b>4.89</b>	<b>8.33</b>

As at 31st March 2020, unrecognized losses for which no deferred tax asset has been recognized are as under:

Nature of tax losses	Financial Year	Gross amount (Rs. In Lakhs)	Expiry date
a) Tax losses, capital in nature	2013-2014	113.41	31-Mar-2022
b) Tax losses, capital in nature	2014-2015	11.71	31-Mar-2023

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2020****31 Related Party Transactions****A. Where control exists:**

- (i) GFL Limited (earlier known as Gujarat Fluorochemicals Limited) - holding Company
- (ii) Inox Leasing and Finance Limited - ultimate holding Company

**B. Other related parties with whom there are transactions during the year****a. Associate**

Nexome Realty LLP (w.e.f 01/03/2020)

**b. Key Managerial Personnel (KMP)**

- (i) Mr. Vivek Kumar Jain
- (ii) Mr. Shanti Prasad Jain
- (iii) Mr. Shailendra Swarup
- (iv) Mr. Deepak Asher
- (v) Mr. Pavan Kumar Jain

**c. Enterprise over which a KMP, or his relative have significant influence:**

Inox FMCG Private Limited

**C. Transactions during the year :**

		(Rs. In Lakhs)	
Sr. No.	Particulars	2019-20	2018-19
1)	<b>Nexome Realty LLP</b>		
	Capital contribution	200.00	-
	Current account contribution	1,800.00	-
	Share of profit for the year	2,000.00 0.10	-
2)	<b>Inox FMCG Private Limited</b>		
	Inter corporate deposit received back	-	100.00
	Interest income	-	1.38
3)	<b>Key Managerial Personnel:</b>		
	Sitting fees paid to directors	6.20	6.20

As per our report of even date attached

**For Kulkarni and Company**

Chartered Accountants

Firm's Registration No. 140959W

**For Inox Infrastructure Limited**

**A. D. Talavlikar**

Partner

Membership No. 130432

**Vivek Jain**

Director

DIN - 00035371

Place : New Delhi

**Pavan Jain**

Director

DIN - 00030098

Place : Mumbai

**Mukesh Patni**

Chief Financial Officer

Place : New Delhi

**Bhavi Shah**

Company Secretary

Place : Vadodara

Place: Pune

Date: 30/07/2020

Date: 30/07/2020