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**Argee & Co**

**Chartered Accountants**

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**INKEL-KSIDC Projects Limited**

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

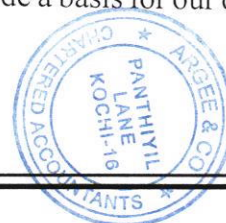
### Opinion

We have audited the accompanying financial statements of **INKEL-KSIDC Projects Limited, Ernakulam** (the "Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information (hereinafter referred to as 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 Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and loss, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.



## Emphasis of Matter

Our opinion is not modified in respect of the matter:

The Company is a joint venture between INKEL and KSIDC with a 74:26 equity ratio. KSIDC leased 243.79 acres of land in Malappuram to INKID for 90 years at Rs. 36.52 crore (Rs. 14.98 lakh per acre) as per a government order in 2009, and the lease was registered in 2010 after paying a stamp duty of Rs. 2.92 crore.

The Company developed infrastructure on the land but faced issues when various government orders reallocated portions of the land i.e., 75 acres to EFLU (2013), then 30 acres to the Revenue Department (2016), and finally, only 5 acres were allocated for a Women's College (2018). This left 70 acres with the Company, who stopped paying the lease premium for these 70 acres due to the reallocation uncertainties.

As a result, the 70 acres were not capitalized in the Company's accounts. However, in 2020-21, 1.6 acres were leased, and the premium was settled in July 2021 after capitalisation of the said land.

During 2023-24, 16 more acres from the said land were leased to various companies, with the premium still payable to KSIDC Ltd. These 16 acres are capitalized in the accounts in the current financial year as they are leased, with costs recognized in the P&L account (Refer Note no 2 to the financial statements).

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Response to Key Audit Matters & Conclusion
Interest on Late payment of Lease Premium As per the lease agreement entered into with Kerala State Industrial Development Corporation (KSIDC) dated 30.08.2010 and 02.09.2010 the company is liable for interest on late payment of lease premium on the land 273.79 Acres (Angamaly 30 Acres and Malappuram 243.79 Acres) leased by KSIDC to INKID. The interest as calculated is Rs. 805 Lakhs and the company has not provided for the liability in the books of accounts The Interest of Rs.805 lakh, pending final decision on waiver from Govt. of Kerala.	Our procedures included, but were not limited to the following: We have verified the official correspondences with the Govt of Kerala and KSIDC regarding the waiver of the interest claimed.

