

# **INOX INFRASTRUCTURE LIMITED**

**AUDITED ANNUAL ACCOUNTS**

**2017-2018**

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

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Inox Infrastructure Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

**Independent auditor's report to the members of Inox Infrastructure Limited on the Ind AS financial statements for the year ended 31st March, 2018 (continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure I a statement on the matters specified in paragraph 3 and 4 of the said Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018, 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 Ind AS financial statements for the year ended 31st March, 2018 (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.
- (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 as amended, 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.

**Other Matters**

The Ind AS financial statements of the Company for the year ended 31st March, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29<sup>th</sup> May, 2017.

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

Place: Noida  
Date: 25<sup>th</sup> May, 2018

A.D Talavlikar  
Partner  
Membership No. 130432

**Annexure I to Independent auditor's report to the members of Inox Infrastructure Limited on the Ind AS financial statements for the year ended 31st March, 2018 – 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 granted unsecured loan to one company covered in the register maintained under section 189 of the Companies Act, 2013. The terms and conditions of the said loan are not, prima facie, prejudicial to the interest of the Company. The said party is regular in repayment of principal and payment of interest, as stipulated, and there are no overdue amounts.
4. The Company has complied with the provisions of section 185 and section 186 of the Companies Act, 2013 in respect of loans given and investments made. The Company has not provided any guarantees or securities.
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 provident fund, income-tax, service tax, Goods and Service Tax and other material statutory dues applicable to it. No payments were due in respect of employee's state insurance, sales tax, duty of customs, duty of excise, value added tax and cess. There are no undisputed amounts payable in respect of such statutory dues which were in arrears as at 31st March, 2018 for a period of more than six months from the date they become payable.

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

**Annexure I to Independent Auditor's Report to the members of Inox Infrastructure Limited on the financial statements for the year ended 31st March, 2018 (continued)**

8. The Company does not have any borrowings from financial institutions or bank or Government or by way of debentures and hence the provisions of clause 3(viii) of the Order are not applicable to the Company.
9. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) or by way of term loans and hence the provisions of clause 3(ix) of the Order are not applicable to the Company.
10. No fraud by the Company or fraud on the Company by its officers or employees 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: Noida  
Date: 25<sup>th</sup> May, 2018

A.D Talavlikar  
Partner  
Membership No. 130432

**Annexure II to Independent auditor's report to the members of Inox Infrastructure Limited on the Ind AS financial statements for the year ended 31st March, 2018 – 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 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 31st March, 2018 in conjunction with our audit of the Ind AS 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 with reference to financial statements 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.

**Annexure II to Independent Auditor's Report to the members of Inox Infrastructure Limited on the Ind AS financial statements for the year ended 31st March, 2018 (continued)**

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.

**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, 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 31st March, 2018, based on the internal controls with reference to financial statements 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: Noida  
Date: 25<sup>th</sup> May, 2018

A.D Talavlikar  
Partner  
Membership No. 130432

**INOX INFRASTRUCTURE LIMITED**  
**Balance Sheet as at 31st March, 2018**

(Rs. In Lakhs)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant & equipment	5	2.88	4.33
(b) Investment property	6	259.11	260.88
(c) Financial assets			
(i) Investments			
- Investment in associate	7	3,200.00	3,200.00
- Other investments	8	1,978.83	262.74
(ii) Loans	9	0.34	0.34
<b>Sub-total</b>		<b>5,441.16</b>	<b>3,728.29</b>
<b>(2) Current Assets</b>			
(a) Financial assets			
(i) Other investments	8	314.90	2,091.97
(ii) Cash & cash equivalents	10	3.27	4.26
(iii) Loans	9	104.99	-
(b) Other current assets	11	2.65	3.31
<b>Sub-total</b>		<b>425.81</b>	<b>2,099.54</b>
<b>Total Assets</b>		<b>5,866.97</b>	<b>5,827.83</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	5,000.00	5,000.00
(b) Other equity	13	817.34	767.08
<b>Sub-total</b>		<b>5,817.34</b>	<b>5,767.08</b>
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
(a) Deferred tax liabilities	15	3.40	1.09
<b>Sub-total</b>		<b>3.40</b>	<b>1.09</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	16	0.66	2.20
(ii) Other financial liabilities	17	23.16	3.31
(b) Other current liabilities	18	0.65	0.39
(c) Provisions	14	-	5.06
(d) Current tax liabilities	19	21.76	48.70
<b>Sub-total</b>		<b>46.23</b>	<b>59.66</b>
<b>Total Equity &amp; Liabilities</b>		<b>5,866.97</b>	<b>5,827.83</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

**For Inox Infrastructure Limited**

**A.D.Talavlikar**  
Partner

**Vivek Jain**  
Director

**Deepak Asher**  
Director

**Manoj Agrawal**  
Chief Financial Officer

**Bhavin Desai**  
Company Secretary

Place: Noida  
Date: 25th May, 2018

Place: Noida  
Date: 25th May, 2018

**INOX INFRASTRUCTURE LIMITED**

Statement of Profit and Loss for the year ended on 31st March, 2018

(Rs. In Lakhs)

Particulars	Notes	2017-2018	2016-2017
<b>Revenue</b>			
I Revenue from operations		-	-
II Other income	20	135.42	180.43
<b>III Total Revenue (I+II)</b>		<b>135.42</b>	<b>180.43</b>
<b>IV Expenses</b>			
Employee benefits expense	21	11.46	11.09
Finance costs	22	1.32	2.40
Depreciation	23	3.22	3.39
Other expenses	24	38.32	38.61
<b>Total expenses (IV)</b>		<b>54.32</b>	<b>55.49</b>
<b>V Profit before tax (III-IV)</b>		<b>81.10</b>	<b>124.94</b>
VI Tax expense	25		
(1) Current tax		28.53	44.00
(2) Deferred tax charge/(credit)		2.31	(3.16)
<b>VII Profit for the year (V-VI)</b>		<b>30.84</b>	<b>40.84</b>
<b>VIII Other comprehensive income</b>		<b>50.26</b>	<b>84.10</b>
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		-	(0.19)
		-	<b>(0.19)</b>
<b>IX Total comprehensive income for the year (VII-VIII)</b>		<b>50.26</b>	<b>83.91</b>
X Basic and Diluted Earnings per share	27	0.10	0.17
<b>The accompanying notes are an integral part of the financial statements</b>			

As per our report of even date attached

**For Kulkarni and Company**

Chartered Accountants

**A.D.Talavlikar**

Partner

**For Inox Infrastructure Limited****Vivek Jain**

Director

**Deepak Asher**

Director

**Manoj Agrawal**

Chief Financial Officer

**Bhavin Desai**

Company Secretary

Place: Noida

Date: 25th May, 2018

Place: Noida

Date: 25th May, 2018

**INOX INFRASTRUCTURE LIMITED**  
**Statement of Cash Flows for the year ended 31st March, 2018**

(Rs. In Lakhs)

Particulars	2017-2018	2016-2017
<b>A Cash flow from operating activities</b>		
Profit for the year	50.26	84.10
<u>Adjustments for :</u>		
Tax expense	30.84	40.84
Interest on Income tax	1.32	2.40
Depreciation	3.22	3.38
Interest income	(5.59)	(0.03)
Provision no longer required, written back	(1.25)	-
Gain on investments carried at FVTPL	(128.58)	(180.40)
<i>Loss before working capital changes</i>	<b>(49.78)</b>	<b>(49.71)</b>
<u>Adjustments for :</u>		
Increase/(decrease) in long-term provisions	-	(2.94)
Increase/(decrease) in trade payables	(0.29)	1.97
Increase/(decrease) in other current liabilities	0.26	0.27
Increase/(decrease) in other current financial liabilities	19.85	0.51
(Increase)/decrease in other current assets	0.66	(0.12)
Increase/(decrease) in short-term provisions	(5.05)	3.90
<i>Cash used in operations</i>	<b>(34.35)</b>	<b>(46.12)</b>
Income tax paid (net)	(56.24)	-
<b>Net cash used in operating activities</b>	<b>(90.59)</b>	<b>(46.12)</b>
<b>B Cash flow from investing activities</b>		
Purchase of non current investments	(1,650.00)	(250.00)
Sale of non-current investments	2,094.33	-
Redemption of current investments	855.23	297.00
Purchase of current investments	(1,110.00)	-
Interest received	0.04	0.03
Inter-corporate deposit given	(100.00)	-
<b>Net cash generated from investment activities</b>	<b>89.60</b>	<b>47.03</b>
<b>Net increase in cash and cash equivalents</b>	<b>(0.99)</b>	<b>0.91</b>
Cash and cash equivalents as at the beginning of the year	4.26	3.35
Cash and cash equivalents as at the end of the year	3.27	4.26
Notes:		
1) Components of cash and cash equivalents are as per Note 10		
2) The above statement of cash flows has been prepared under the indirect method.		
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

**For Inox Infrastructure Limited**

**A.D.Talavlikar**  
Partner

**Vivek Jain**  
Director

**Deepak Asher**  
Director

**Manoj Agrawal**  
Chief Financial Officer

**Bhavin Desai**  
Company Secretary

Place: Noida  
Date: 25th May, 2018

Place: Noida  
Date: 25th May, 2018

**INOX INFRASTRUCTURE LIMITED****Statement of changes in equity for the year ended 31st March, 2018**

<b>A. Equity Share Capital</b>	<b>(Rs. In Lakhs)</b>
<b>Balance as at 1st April, 2016</b>	5,000.00
Changes in equity share capital during the year	-
<b>Balance as at 31st March, 2017</b>	<b>5,000.00</b>
Changes in equity share capital during the year	-
<b>Balance as at 31st March, 2018</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, 2016</b>	<b>683.17</b>
Profit for the year	84.10
Other comprehensive income for the year (*)	(0.19)
<b>Balance as at 31st March, 2017</b>	<b>767.08</b>
Profit for the year	50.26
<b>Balance as at 31st March, 2018</b>	<b>817.34</b>

(\*) Other comprehensive income for the year is in respect of remeasurement of defined benefit plans.

As per our report of even date attached

**For Kulkarni and Company**  
Chartered Accountants

**For Inox Infrastructure Limited**

**A.D.Talavlikar**  
Partner

**Vivek Jain**  
Director

**Deepak Asher**  
Director

**Manoj Agrawal**  
Chief Financial Officer

**Bhavin Desai**  
Company Secretary

Place: Noida  
Date: 25th May, 2018

Place: Noida  
Date: 25th May, 2018

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

#### **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 Gujarat Fluorochemicals Limited and its ultimate holding company is Inox Leasing and Finance Limited. All the activities of the Company are in India.

The registered office of the Company 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”) and other relevant provisions of the Act.

##### 2.2 Basis of 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 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;
- 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.

##### 2.3 Basis of Preparation and Presentation

Effective 1 April 2016, the Company has adopted all the Ind AS Standards and the adoption was carried out in accordance with Ind AS 101 ‘First time adoption of Indian Accounting Standards’, with 1 April 2015 as the transition date. The transition was carried out from the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) which was the Previous GAAP.

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

Accounting policies have been consistently applied 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.

The financial statements have been prepared on accrual and going concern basis.

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.

These financial statements were authorized for issue by the Company's Board of Directors on 25<sup>th</sup> May 2018.

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

#### **3.1 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of income can be measured reliably.

##### **3.1.1 Other income**

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 Employee benefits**

##### **3.2.1 Retirement benefit costs**

Recognition and measurement of defined contribution plans:

Payments to defined contribution retirement benefit plan viz. government administered provident funds and pension schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Recognition and measurement of defined benefit plans:

For defined benefit retirement benefit plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. net interest expense or income; and
- c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

#### **3.2.2 Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave, bonus etc. in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### **3.3 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **3.3.1 Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible and tax incentives. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### **3.3.2 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 generally 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. 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.

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

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.

#### **3.3.3 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.

#### **3.4 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.

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.

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

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.

#### **3.5 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's 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.

Investment property is depreciated over its estimated useful lives, determined as under:

- Building - 60 years

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 no future economic benefits are expected to arise 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.

#### **3.6 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).

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### **3.7 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.

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.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

#### **3.8 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

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

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
- 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:**

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

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;
- 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

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

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.

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.

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

#### **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.

#### **3.9 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 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.

#### **3.10 Recent accounting pronouncements**

- a) On 28 March 2018, the Ministry of Corporate Affairs has notified Ind AS 115, 'Revenue from contracts with customers' which is applicable to the Company from 1 April 2018. The main principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This amendment has no impact on the financial statements of the Company.
- b) On 28 March 2018, the Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) Amendments Rules, 2018 containing Appendix B to Ind AS 21, foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment has no impact on the financial statements of the Company.

#### **4. Critical accounting judgements and use of estimates**

In application of Company's accounting policies, which are described in Note 3, the directors of the Company are required 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 key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## **Inox Infrastructure Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March, 2018**

#### **a) Useful lives of Property, Plant & Equipment (PPE) & Investment property**

The Company has adopted useful lives of PPE and investment property as described in Note 3.4 & 3.5 above. The Company reviews the estimated useful lives of PPE and investment property at the end of each reporting period.

#### **b) Fair value measurements and valuation processes**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions. Where necessary, the Company engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair values of various assets and liabilities are disclosed in Note 28.

#### **c) Other assumptions and estimation uncertainties, included in respective notes are as under:**

- Estimation of current tax expense and payable, recognition of deferred tax assets, availability of future taxable profits against which tax losses carried forward can be used, possibility of utilizing available tax credits – see Note 25 and Note 29
- Measurement of defined benefit obligations and other long-term employee benefits: – see Note 30

**INOX INFRASTRUCTURE LIMITED**

Notes to the financial statements for the year ended 31st March, 2018

**5: Property, plant & equipment****(Rs. In Lakhs)**

<b>Particulars</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>
<b>Carrying amount of:</b>		
Furniture and fixtures	2.88	4.33
	<b>2.88</b>	<b>4.33</b>

**(Rs. In Lakhs)**

<b>Particulars</b>	<b>Furniture and fixtures</b>	<b>Total</b>
<b>I. Cost or Deemed Cost</b>		
Balance as at 31st March, 2017	7.23	<b>7.23</b>
Balance as at 31st March, 2018	7.23	<b>7.23</b>

**(Rs. In Lakhs)**

<b>Particulars</b>	<b>Furniture and fixtures</b>	<b>Total</b>
<b>II. Accumulated depreciation</b>		
Balance as at 1st April, 2016	1.45	<b>1.45</b>
Depreciation for the year	1.45	<b>1.45</b>
Balance as at 31st March, 2017	<b>2.90</b>	<b>2.90</b>
Depreciation for the year	1.45	<b>1.45</b>
Balance as at 31st March, 2018	<b>4.35</b>	<b>4.35</b>

**(Rs. In Lakhs)**

<b>Particulars</b>	<b>Furniture and fixtures</b>	<b>Total</b>
<b>III. Net carrying amount</b>		
Balance as at 31st March, 2017	4.33	<b>4.33</b>
Balance as at 31st March, 2018	2.88	<b>2.88</b>

**INOX INFRASTRUCTURE LIMITED**

Notes to the financial statements for the year ended 31st March, 2018

**6: Investment property**

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>Carrying amount of:</b>		
Land held under Finance Lease	168.45	168.45
Building	90.66	92.43
	<b>259.11</b>	<b>260.88</b>

(Rs. In Lakhs)

Particulars	Land held under Finance Lease	Building	Total
<b>I. Cost or Deemed Cost</b>			
Balance as at 1st April 2016	168.45	96.31	264.76
Balance as at 31st March, 2017	168.45	96.31	264.76
Balance as at 31st March, 2018	<b>168.45</b>	<b>96.31</b>	<b>264.76</b>

(Rs. In Lakhs)

Particulars	Land held under Finance Lease	Building	Total
<b>II. Accumulated depreciation</b>			
Balance as at 1st April, 2016	-	1.94	1.94
Depreciation for the year	-	1.94	1.94
Balance as at 31st March, 2017	-	3.88	3.88
Depreciation for the year	-	1.77	1.77
Balance as at 31st March, 2018	-	5.65	5.65

(Rs. In Lakhs)

Particulars	Land held under Finance Lease	Building	Total
<b>III. Net carrying amount</b>			
Balance as at 31st March, 2017	168.45	92.43	260.88
Balance as at 31st March, 2018	168.45	90.66	259.11

## INOX INFRASTRUCTURE LIMITED

### Notes to the financial statements for the year ended 31st March, 2018

#### 6.1 Fair Value of Investment Properties

Fair valuation of Investment Properties as at 31st March 2018 and 31st March 2017 have been arrived at on the basis of valuation carried out as on respective dates by an independent valuer not related to company. The valuer is registered with the authority which governs the valuers in India, and 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 as at 31st March 2018 and 31st March 2017 are as follows:

Level 2	(Rs. In Lakhs)	
	Fair value as at	
	31st March 2018	31st March 2017
Land held under Finance Lease	575.57	582.02
Building	317.17	288.33
<b>Total</b>	<b>892.74</b>	<b>870.35</b>

#### 6.3 The fair value hierarchy for all investment properties is Level 2 and the fair values are as under :

Particulars	(Rs. In Lakhs)
<b>Fair value as at 31st March, 2018</b>	892.74
Fair value as at 31st March, 2017	870.35

#### 6.4 The expenses related to investment property are as under :

Particulars	(Rs. In Lakhs)	
	2017-18	2016-17
Insurance	0.14	0.13
Housekeeping and maintenance expenses	9.19	3.24
Electricity expenses	0.15	0.09
Misc. Expenses	0.02	-
	<b>9.50</b>	<b>3.46</b>

**INOX INFRASTRUCTURE LIMITED**

Notes to the financial statements for the year ended 31st March, 2018

**7: Investment in associates**

(Rs. In Lakhs)

Particulars	Face Value (Rs.)	As at 31st March, 2018		As at 31st March, 2017	
		Nos.	Amounts	Nos.	Amounts
<b>Non-current</b>					
Unquoted Investments (partly paid)					
Investments in Equity Instruments					
Megnasolace City Private Limited - Equity shares of Rs.10/- each - paid up Rs. 1.60 per share (31st March, 2017: Rs. 1.60 per share)	10	50,00,000	3,200.00	50,00,000	3,200.00
<b>Total Unquoted Investments</b>			<b>3,200.00</b>		<b>3,200.00</b>
Aggregate carrying value of unquoted investments			3,200.00		3,200.00

Note: Uncalled amount payable by the Company in respect of above shares is Rs. 16,800 Lakhs (31st March, 2017 Rs. 16,800 Lakhs)

**Details of material associate**

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights held	
			As at 31 March 2018	As at 31 March 2017
Megnasolace City Private Limited	Real Estate	India	50%	50%

**INOX INFRASTRUCTURE LIMITED**

Notes to the financial statements for the year ended 31st March, 2018

**8: Other investments (measured at FVTPL)**

(Rs. In Lakhs)

Particulars	Face Value (Rs.)	As at 31st March, 2018		As at 31st March, 2017	
		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	25,00,000	280.75	25,00,000	262.74
HDFC FMP 1430 Days July 2017(1)-Direct-Growth-Sr. 38	10	1,00,00,000	1,032.08	-	-
Kotak FMP Series 210-Direct-Growth	10	65,00,000	666.00	-	-
HDFC FMP 371D June 2014(2)Series.31-Growth	10	-	-	62,50,000	787.70
ICICI Prudential FMP Series 74-369 Days K Reg.Growth	10	-	-	1,00,00,000	1,265.21
<b>Total</b>			1,978.83		2,315.65
Less: current portion of non-current investment disclosed under current investments			-		(2,052.91)
<b>Total Non-current Investments</b>			<b>1,978.83</b>		<b>262.74</b>

(Rs. In Lakhs)

Particulars	Face Value (Rs.)	As at 31st March, 2018		As at 31st March, 2017	
		Nos.	Amounts	Nos.	Amounts
<b>Current</b>					
<b>Investments in mutual funds (quoted, fully paid up)</b>					
Current portion of non-current investment					2,052.91
Investments in mutual funds			-		
<b>Investments in mutual funds (unquoted, fully paid up)</b>					
HDFC Liquid Fund-Direct Plan-Growth	10	-	-	1,217	39.06
ICICI Prudential Liquid Fund-Direct Plan-Growth	10	1,22,536	314.90	-	-
<b>Total</b>			<b>314.90</b>		<b>39.06</b>
<b>Total current investments</b>			<b>314.90</b>		<b>2,091.97</b>
<b>Total other investments</b>			<b>2,293.73</b>		<b>2,354.71</b>
Aggregate carrying value of quoted investments			1,978.83		2,315.65
Aggregate market value of quoted investments			1,978.83		2,315.65
Aggregate carrying value of unquoted investments			314.90		39.06
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, 2018	As at 31st March, 2017
	<b>Financial assets measured at fair value through profit and loss (FVTPL)</b>	
Investment in Mutual Funds	2,293.73	2,354.71
	<b>2,293.73</b>	<b>2,354.71</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2018****9: Loans**

(Unsecured, considered good)

**(Rs. In Lakhs)**

<b>Particulars</b>	<b>(Rs. In Lakhs)</b>	
	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>
<b>Non-current</b>		
Security deposit	0.34	0.34
<b>Total</b>	<b>0.34</b>	<b>0.34</b>
<b>Current</b>		
Inter-corporate deposits to related party (see Note 31)	104.99	-
	<b>104.99</b>	<b>-</b>

The above inter-corporate deposit is unsecured and given for general business purpose. The deposit is repayable on demand and carries interest @ 10% p.a.

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

<b>Particulars</b>	<b>(Rs. In Lakhs)</b>	
	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>
(a) Balances with banks - in current accounts	3.23	4.21
(b) Cash on hand	0.04	0.05
	<b>3.27</b>	<b>4.26</b>

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

<b>Particulars</b>	<b>(Rs. In Lakhs)</b>	
	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>
Prepaid expenses	0.07	0.07
Advances for expenses	2.58	3.24
	<b>2.65</b>	<b>3.31</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2018**

<b>Particulars</b>	<b>(Rs. In Lakhs)</b>	
	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>
Authorized 5,00,00,000 (31st March, 2017: 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, 2017: 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**

<b>As at 31st March, 2018</b>	<b>Nos.</b>	<b>(Rs. In Lakhs)</b>
At the beginning of the year	5,00,00,000	5,000.00
<b>At the end of the year</b>	<b>5,00,00,000</b>	<b>5,000.00</b>

  

<b>As at 31st March, 2017</b>	<b>Nos.</b>	<b>(Rs. In Lakhs)</b>
At the beginning of the year	5,00,00,000	5,000.00
<b>At the end of the year</b>	<b>5,00,00,000</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.

<b>Shares held by holding company</b>	<b>(Nos.)</b>	<b>(Rs. In Lakhs)</b>
<b>As at 31st March, 2018</b>		
Gujarat Fluorochemicals Limited (*)	5,00,00,000	5,000.00
<b>As at 31st March, 2017</b>		
Gujarat Fluorochemicals Limited (*)	5,00,00,000	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, 2018</b>		
Gujarat Fluorochemicals Limited (*)	5,00,00,000	100.00
<b>As at 31st March, 2017</b>		
Gujarat Fluorochemicals Limited (*)	5,00,00,000	100.00

(\*) Including shares held through nominee shareholders

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2018****13: Other equity** **(Rs. In Lakhs)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Retained earnings	817.34	767.08
	<b>817.34</b>	<b>767.08</b>

**Retained earnings**

Balance as at beginning of the year	767.08	683.17
Profit for the year	50.26	84.10
Other comprehensive income for the year	-	(0.19)
Balance as at end of the year	<b>817.34</b>	<b>767.08</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 and subject to levy of dividend distribution tax, if any. Thus, the amounts reported above may not be distributable in entirety.

**14: Provisions** **(Rs. In Lakhs)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>Current</b>		
Provision for employee benefits		
- For Gratuity	-	2.32
- For Leave benefits	-	2.74
<b>Total</b>	<b>-</b>	<b>5.06</b>

The Company only had one employee who retired during the current year. Hence no provision for employee benefits is required.

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

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deferred tax liabilities (see Note 29)	3.40	1.09
	<b>3.40</b>	<b>1.09</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2018**

<b>16: Trade payables</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>	
Trade payables			
- dues to Micro and Small Enterprises	-	-	
- dues to others	0.66	2.20	
	<b>0.66</b>	<b>2.20</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>17: Other financial liabilities</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>	
Employee dues	5.75	1.40	
Expenses payable	2.41	1.91	
Other payables to related party (see Note 31)	15.00	-	
	<b>23.16</b>	<b>3.31</b>	

<b>18: Other current liabilities</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>	
Statutory dues and taxes payable	0.65	0.39	
	<b>0.65</b>	<b>0.39</b>	

<b>19: Current tax liabilities</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>	
Provision for taxation (net of payment)	21.76	48.70	
	<b>21.76</b>	<b>48.70</b>	

**INOX INFRASTRUCTURE LIMITED**

Notes to the financial statements for the year ended 31st March, 2018

<b>20: Other income</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>	
<b>a. Interest income, calculated using effective interest method</b>			
- Electricity deposit	0.04	0.03	
- on Inter corporate deposit	5.55	-	
<b>b. Provision no longer required, written back</b>	1.25	-	
<b>c. Net gain on financial assets measured at fair value through profit or loss</b>			
- Mutual Funds	128.58	180.40	
	<b>135.42</b>	<b>180.43</b>	

Note: Realised gain on mutual funds 481.60 21.45

<b>21: Employee benefits expenses</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>	
Salaries and wages	10.60	10.30	
Contribution to provident and other funds	0.48	0.48	
Gratuity	0.38	0.31	
	<b>11.46</b>	<b>11.09</b>	

<b>22: Finance costs</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>	
Interest on Income tax	1.32	2.40	
	<b>1.32</b>	<b>2.40</b>	

**INOX INFRASTRUCTURE LIMITED**

Notes to the financial statements for the year ended 31st March, 2018

<b>23: Depreciation</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>	
Depreciation of property, plant & equipment	1.45	1.45	
Depreciation of investment property	1.77	1.94	
	<b>3.22</b>	<b>3.39</b>	

<b>24: Other expenses</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>	
Insurance	0.14	0.13	
Property repairs and maintenance expenses	9.34	3.33	
Directors' sitting fees	6.20	6.60	
Rates and taxes	3.60	2.72	
Legal and professional fees and expenses	17.75	25.76	
Travelling and conveyance	0.24	0.05	
Communication expenses	-	0.01	
Miscellaneous expenses	1.05	0.01	
	<b>38.32</b>	<b>38.61</b>	

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

		<b>(Rs. In Lakhs)</b>	
	<b>2017-2018</b>	<b>2016-2017</b>	
Audit fees	1.00	1.00	
Tax matters	-	0.15	
Other services	-	0.10	
<b>Total</b>	<b>1.00</b>	<b>1.25</b>	

Note: Above amounts are exclusive of GST/service tax.

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2018****(in Indian Rupees lakhs, unless otherwise stated)****25: Tax expense**

<b>25.1 Income tax recognised in profit or loss</b>		<b>(Rs. In Lakhs)</b>	
<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>	
<b>Current tax</b>			
In respect of Current year	28.53	44.00	
<b>Deferred tax</b>			
In respect of Current year	2.31	(3.16)	
<b>Total Income tax expense recognized in profit or loss</b>	<b>30.84</b>	<b>40.84</b>	

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

<b>(Rs. In Lakhs)</b>		
<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>
Profit before tax	81.10	124.94
Income tax expense calculated @ 25.75% (FY 2016-17 @29.87%)	20.88	37.32
Effect of notional income	2.52	2.93
Effect of expenses that are not deductible in determining taxable profit	13.58	16.57
Effect of tax rate on capital gain	(27.54)	(57.04)
Effect of non recognition of MAT credit entitlement	21.40	41.06
<b>Income tax expense recognised in profit and loss</b>	<b>30.84</b>	<b>40.84</b>

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

- 1) For the financial year 2017-18 corporate tax rate of 25.75% payable by corporate entities in India (where turnover is less than Rs. 50 crore in FY 2015-16)
- 2) For the financial year 2016-17 corporate tax rate of 29.87% payable by corporate entities in India (where turnover is less than Rs. 5 crore in FY 2014-15)

## INOX INFRASTRUCTURE LIMITED

### Notes to the financial statements for the year ended 31st March, 2018

#### 26: 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.

#### 27: Earning per share

Particulars	2017-2018	2016-2017
a) Net profit as per statement of Profit and Loss (Rs. in lakhs)	50.26	84.10
b) Weighed average number of equity shares used in calculation of basic and diluted EPS (Nos)	5,00,00,000	5,00,00,000
c) Nominal value of equity share (Rs.)	10	10
d) Basic and diluted earnings per equity share (Rs)	<b>0.10</b>	<b>0.17</b>

## INOX INFRASTRUCTURE LIMITED

### Notes to the financial statements for the year ended 31st March, 2018

#### 28 Financial Instruments:

##### 28.1 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 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.

##### 28.2 Categories of financial instruments

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>a) Financial assets</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
(a) mandatorily measured as at FVTPL		
(i) Investments in Mutual Funds	2,293.73	2,354.71
<b>Sub Total</b>	<b>2,293.73</b>	<b>2,354.71</b>
<b>Measured at amortised cost</b>		
(a) Loans	105.33	0.34
(b) Cash & Cash Equivalents	3.27	4.26
<b>Sub Total</b>	<b>108.60</b>	<b>4.60</b>
<b>Total financial assets</b>	<b>2,402.33</b>	<b>2,359.31</b>
<b>b) Financial liabilities</b>		
<b>Measured at amortised cost</b>		
Trade Payables	0.66	2.20
Other current financial liabilities	23.16	3.31
<b>Total financial Liabilities</b>	<b>23.82</b>	<b>5.51</b>

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

## **INOX INFRASTRUCTURE LIMITED**

### **Notes to the financial statements for the year ended 31st March, 2018**

#### **28.3 Financial risk management**

The Company's principal financial liabilities comprise of trade and other payables. The Company's principal financial assets include investments in associate, investments in mutual funds, 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. The Company does not have any exposure to foreign currency. Hence, no foreign currency risk is perceived. Since there are no borrowings, the Company is not exposed to any interest rate risk.

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.

##### **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 and loans given. 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 & corporates with high credit ratings assigned by the various credit rating agencies, hence risk is minimal.

## INOX INFRASTRUCTURE LIMITED

### Notes to the financial statements for the year ended 31st March, 2018

#### 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.

#### 28.4 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	Less than 1 year	1 to 5 years	5 years and above	Total
	INR	INR	INR	INR
<b>As at 31st March, 2018</b>				
Trade Payables	0.66	-	-	0.66
Other financial liabilities	23.16	-	-	23.16
<b>Total</b>	<b>23.82</b>	<b>-</b>	<b>-</b>	<b>23.82</b>
<b>As at 31st March, 2017</b>				
Trade Payables	2.20	-	-	2.20
Other financial liabilities	3.31	-	-	3.31
<b>Total</b>	<b>5.51</b>	<b>-</b>	<b>-</b>	<b>5.51</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, 2018

#### 28.5 Fair Value Measurements

This note provides information about how the Entity determines fair values of various financial assets and financial liabilities

##### 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
	31 March 2018	31 March 2017		
1. Investments in Mutual Funds (see Note 8)	Rs.2,293.73 Lakhs	Rs.2,354.71 Lakhs	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, 2018

#### 29 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet.

Particulars	(Rs. In Lakhs)	
	As at 31st March ,2018	As at 31st March ,2017
Deferred tax liabilities	3.40	1.09
<b>Total</b>	<b>3.40</b>	<b>1.09</b>

Deferred tax liabilities/(assets) in relation to:			(Rs. In Lakhs)
As at 31st March, 2018	Opening balance	Recognised in profit or loss	Closing balance
Investments classified as FVTPL	1.09	2.31	3.40
<b>Total</b>	<b>1.09</b>	<b>2.31</b>	<b>3.40</b>

Deferred tax liabilities/(assets) in relation to:			(Rs. In Lakhs)
As at 31st March, 2017	Opening balance	Recognised in profit or loss	Closing balance
Investments classified as FVTPL	4.25	(3.16)	1.09
<b>Total</b>	<b>4.25</b>	<b>(3.16)</b>	<b>1.09</b>

As at 31st March 2018, Unrecognized deductible temporary difference, un-used tax losses and un-used tax credits for which no deferred tax asset has been recognized are attributable to following:

Nature of tax loss or tax credit	Financial Year	Gross amount (Rs. In Lakhs)	Expiry date
a) Tax losses, capital in nature	2009-2010	67.93	31-Mar-2018
b) Tax losses, capital in nature	2013-2014	251.20	31-Mar-2022
c) Tax losses, capital in nature	2014-2015	11.71	31-Mar-2023
d) MAT credit entitlement	2014-2015	14.87	31-Mar-2025
e) MAT credit entitlement	2016-2017	28.24	31-Mar-2027
f) MAT credit entitlement	2017-2018	21.33	31-Mar-2033

## INOX INFRASTRUCTURE LIMITED

### Notes to the financial statements for the year ended 31st March, 2018

#### 30 Employee Benefits:

##### (a) Defined Contribution Plans

The Company operates defined contribution retirement benefit plans for all qualifying employees.

The Company contributes to the Government managed provident & pension fund for all qualifying employees. Contribution to Provident & Pension fund of Rs.0.48 Lakhs (previous year Rs. 0.47 Lakhs) is recognized as an expenses and included in Contribution to Provident & Other funds' in the Statement of Profit and Loss.

##### (b) Defined Benefit Plans:

The company has defined benefit plan for payment of gratuity to all qualifying employees. It is governed by the payment of Gratuity Act, 1972. Under this Act, an employee who has completed five years of services is entitled to the specified benefit. The level of benefits provided depends on the employee's length of services and salary at retirement age. The company's defined benefit plan is unfunded.

There are no other post retirement benefits provided by the company

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at March 31, 2017 by Mr. G N Agarwal, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method

##### (i) Movement in the present value of the defined benefit obligation are as follows:

(Rs. In Lakhs)

Particulars	Gratuity	
	As at 31st March, 2018	As at 31st March, 2017
Opening defined benefit obligation	2.32	1.81
Current Service Cost	0.37	0.18
Interest cost	-	0.14
Remeasurement gains / (losses):		-
a) arising from changes in financial assumptions	-	0.02
b) arising from experience adjustments	-	0.17
Benefits Paid/written back	(2.69)	-
<b>Closing defined benefit obligation</b>	<b>-</b>	<b>2.32</b>

**INOX INFRASTRUCTURE LIMITED**

Notes to the financial statements for the year ended 31st March, 2018

(ii) Components of amount recognized in profit and loss and other comprehensive income are as under:

(Rs. In Lakhs)

Particulars	Gratuity as at	
	31st March, 2018	31st March, 2017
Service Cost		
Current Service Cost	0.37	0.18
Past service cost and (gains)/losses from settlements	-	-
Net interest expense	-	0.14
<b>Amount recognised in profit or loss</b>	<b>0.37</b>	<b>0.32</b>
a) arising from changes in financial assumptions	-	0.02
b) arising from experience adjustments	-	0.18
<b>Amount recognised in other comprehensive income</b>	<b>-</b>	<b>0.20</b>
<b>Total</b>	<b>0.37</b>	<b>0.52</b>

(iii) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	Valuation as at (Gratuity)	
	31st March, 2018	31st March, 2017
Discount rate	NA	6.69%
Expected rate of salary increase	NA	8.00%
Employee Attrition Rate	NA	5%
<b>Mortality</b>	NA	<b>IALM (2006-08)Ultimate Mortality Table</b>

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

This plans typically expose the company to actuarial risks such as interest rate risk and salary risk

a) Interest risk: a decrease in the bond interest rate will increase the plan liability.

b) Salary risk: the present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the expected rate of salary of the plan participants will increase the plan liability.

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2018****(iv) Sensitivity Analysis**

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**(Rs. In Lakhs)**

Particulars	Gratuity as at	
	31st March, 2018	31st March, 2017
Impact on Present Value of defined benefit obligation If Discount Rate increased by 1%	-	(0.02)
Impact on Present Value of defined benefit obligation If Discount Rate decreased by 1%	-	0.02
Impact on Present Value of defined benefit obligation If Salary Escalation Rate increased by 1%	-	0.02
Impact on Present Value of defined benefit obligation If Salary Escalation Rate decreased by 1%	-	(0.02)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**(v) Expected contribution to the defined benefit plan in future years****(Rs. In Lakhs)**

Particulars	Gratuity as at	
	31st March, 2018	31st March, 2017
Expected outflow in 1st Year	-	2.32
Expected outflow in 2nd Year	-	-
Expected outflow in 3rd Year	-	-
Expected outflow in 4th Year	-	-
Expected outflow in 5th Year	-	-
Expected outflow in 6th to 10th Year	-	-

**(c) Other long term employment benefits:****Leave benefits**

The liability towards leave benefits (annual and sick leave), based on actuarial valuation, carried out by using Projected accrued benefit method resulted in increase in liability by Rs. Nil (previous year Rs. 0.87 lakhs), which is included in the employee benefits in the statement of profit & loss.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	Valuation as at (Leave Encashment)	
	31st March, 2018	31st March, 2017
Discount rate	NA	6.69%
Expected rate of salary increase	NA	8.00%
Employee Attrition Rate	NA	5%
<b>Mortality</b>	NA	<b>IALM (2006-08) Ultimate Mortality Table</b>

**INOX INFRASTRUCTURE LIMITED****Notes to the financial statements for the year ended 31st March, 2018****31 Related Party Transaction****A. Names of related parties where control exists:**

- (i) Gujarat Fluorochemicals Limited (holding Company)
- (ii) Inox Leasing and Finance Limited (ultimate holding Company)

**B. Key Managerial Personnel (KMP) - Non executive directors**

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

**C. Enterprises over which a Key Management Personnel, or his relative, have significant influence -**

Inox FMCG Private Limited

**D. Transactions during the year :**

		(Rs. In Lakhs)	
Sr. No.	Particulars	2017-18	2016-17
1)	<b>Gujarat Fluorochemicals Limited:</b> Reimbursement of expenses paid/expenses incurred on behalf of company	15.00	3.00
2)	<b>Key Managerial Personnel:</b> Sitting fees paid to directors	6.20	6.60
3)	<b>Inox FMCG Private Limited</b> Inter corporate deposit given	100.00	-
	Interest income	5.55	-
		<b>105.55</b>	<b>-</b>

**E. Amount outstanding at the end of the year :**

		(Rs. In Lakhs)	
Sr. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017
1)	<b>Gujarat Fluorochemicals Limited:</b> Other payables	15.00	-
2)	<b>Inox FMCG Private Limited</b> Inter corporate deposit	100.00	-
	Interest accrued	4.99	-
		<b>104.99</b>	<b>-</b>

As per our report of even date attached

**For Kulkarni and Company**  
Chartered Accountants

**For Inox Infrastructure Limited**

**A.D.Talavlikar**  
Partner

**Vivek Jain**  
Director

**Deepak Asher**  
Director

**Manoj Agrawal**  
Chief Financial Officer

**Bhavin Desai**  
Company Secretary

Place: Noida  
Date: 25th May, 2018

Place: Noida  
Date: 25th May, 2018