

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
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Independent Auditor's Report

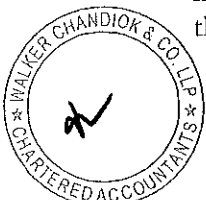
To the Members of Inox Renewables Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Inox Renewables Limited, ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiary included in the Group, are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiary,



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

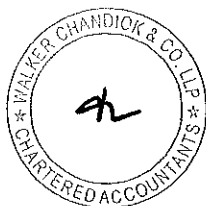
are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the 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 auditor's report under the provisions of the Act and the Rules made thereunder.
5. 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 consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

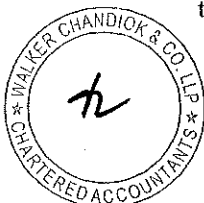
Opinion

8. In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated 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, of the consolidated state of affairs of the Group, as at 31 March 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiary, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2016 taken on record by the Board of Directors of the Holding Company and its subsidiary company, none of the directors of the Group companies, is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company, its subsidiary company, as of 31 March 2016, in conjunction with our audit of the consolidated financial statements of the group, for the year ended on that date and our report dated 06 May 2016 as per annexure I expressed unmodified opinion.
 - 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) as detailed in Note 30, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - (ii) as detailed in note 36 to the consolidated financial statements, provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts;



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(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company.

Walker Chandiook & Co LLP
For **Walker Chandiook & Co LLP**
(Formerly *Walker, Chandiook & Co*)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar

per **Lalit Kumar**
Partner
Membership No.: 095256



Place: Noida

Date: 06 May 2016

Annexure I to the Independent Auditor's Report of even date to the members of Inox Renewables Limited on the consolidated financial statements for the year ended 31 March 2016

Annexure I

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

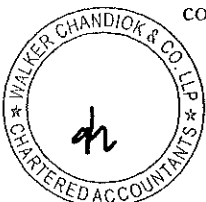
1. In conjunction with our audit of the consolidated financial statements of the Inox Renewables Limited ("the Holding Company") and its subsidiary, (the Holding Company and its subsidiary together referred to as "the Group"), as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary company, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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 the company's business, including adherence to the company's policies, the safeguarding of the company's 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary company, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary company as aforesaid.



Walker ChandioK & Co LLP

Annexure I to the Independent Auditor's Report of even date to the members of Inox Renewables Limited on the consolidated financial statements for the year ended 31 March 2016

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary company have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Walker ChandioK & Co LLP
For Walker ChandioK & Co LLP

(Formerly Walker, ChandioK & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Lalit Kumar

per Lalit Kumar
Partner

Membership No.: 095256



Place: Noida

Date: 06 May 2016

INOX RENEWABLES LIMITED
 CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016
 (All amounts in ₹ lakh, unless otherwise stated)

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	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	337.50	337.50
Reserves and surplus	4	51,750.14	54,188.70
		<u>52,087.64</u>	<u>54,526.20</u>
Non current liabilities			
Long term borrowings	5	69,802.61	77,220.70
Deferred tax liability (net)	6	126.52	444.79
Other long term liabilities	7	3,071.83	2,627.33
Long term provisions	8	18.17	19.78
		<u>73,019.13</u>	<u>80,312.60</u>
Current liabilities			
Short term borrowings	9	37,807.13	15,979.92
Trade payables	10	477.25	825.36
Other current liabilities	11	16,293.57	17,057.93
Short term provisions	12	32.79	128.96
		<u>54,610.73</u>	<u>33,992.17</u>
		<u>179,717.50</u>	<u>168,830.97</u>
ASSETS			
Non current assets			
Fixed assets			
(i) Tangible assets	13	155,387.01	131,721.06
(ii) Intangible assets	13	0.12	0.25
(iii) Capital work-in-progress		7,003.76	21,519.90
		<u>162,390.89</u>	<u>153,241.21</u>
Long term loans and advances	14	2,666.74	2,705.24
Other non current assets	15	0.10	0.10
		<u>165,057.72</u>	<u>155,946.55</u>
Current assets			
Trade receivables	16	11,565.35	7,852.10
Cash and bank balances	17	2,343.81	4,219.28
Short term loans and advances	18	297.24	756.20
Other current assets	19	453.36	56.84
		<u>14,659.77</u>	<u>12,884.42</u>
		<u>179,717.50</u>	<u>168,830.97</u>

Notes 1 to 40 form integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

Walker Chandiook & Co LLP
 For Walker Chandiook & Co LLP
 (formerly Walker, Chandiook & Co)
 Chartered Accountants

Lalit Kumar
 per Lalit Kumar
 Partner



Place: Noida
 Date: 06 May 2016

For and on behalf of Board of Directors
 of Inox Renewables Limited

[Signature]
 Director

[Signature]
 Director

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INOX RENEWABLES LIMITED
 CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016
 (All amounts in ₹ lakh, unless otherwise stated)

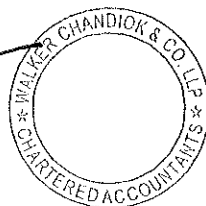
	Note	Year year 31-Mar-16	Year ended 31 March 2015
Revenue			
Revenue from operations	20	16,767.18	19,575.00
Other income	21	573.87	298.44
Total revenue		17,341.05	19,873.44
Expenses			
Operation and maintenance expenses	22	2,166.96	1,385.37
Depreciation and amortisation	13	6,954.92	6,642.31
Employee benefits expense	23	296.77	264.63
Finance cost	24	9,776.64	9,324.57
Other expenses	25	888.87	333.00
Prior period items	26	-	10.29
Total expenses		20,084.17	17,960.17
Profit before tax		(2,743.12)	1,913.27
Tax expense:			
Current tax		75.67	793.18
Tax for earlier years		-	153.09
MAT credit entitlement		(75.67)	(946.27)
Deferred tax	6	(317.46)	1,465.06
Profit after tax		(2,425.66)	448.21
Earning per equity share			
Basic and diluted (Nominal value of share ₹ 10)	27	(71.87)	13.71

Notes 1 to 40 form integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

Walker Chandio & Co LLP
 For Walker Chandio & Co LLP
 (formerly Walker, Chandio & Co)
 Chartered Accountants

Lalit Kumar
 per Lalit Kumar
 Partner



For and on behalf of Board of Directors
 of Inox Renewables Limited

[Signature]
 Director

[Signature]
 Director

Place: Noida
 Date: 06 May 2016

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INOX RENEWABLES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016
(All amounts in ₹ lakh, unless otherwise stated)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A Cash flow from operating activities		
Net profit before tax	(2,743.12)	1,913.27
Adjustments for :		
Depreciation and amortisation	6,961.68	6,643.18
Gain on settlement of derivative & counter adjustment	(186.35)	(47.68)
Mark to market gain on derivative contracts	(218.34)	(72.56)
Interest and dividend income	(166.15)	(178.19)
Interest expense	9,776.64	9,324.57
Operating profit before working capital changes	13,424.36	17,582.59
Adjustment for:		
Increase in trade receivables	(4,128.33)	(2,708.17)
Decrease/(Increase) in long term loans and advances	580.29	(360.55)
Decrease in short term loans and advances	466.60	851.71
Decrease in trade payables	(348.10)	(3,096.92)
Increase in long term liabilities	438.51	275.98
Decrease in other current liabilities	22.81	(148.42)
Decrease in employee benefits	14.26	14.85
Cash generated from operations	10,470.40	12,411.07
Taxes paid	(542.34)	(563.04)
Net cash generated from operating activities	9,928.06	11,848.03
B Cash flow from investing activities		
Purchase of fixed assets	2,779.20	(2.41)
Increase in capital work in progress	(16,096.24)	(3,186.23)
Decrease in inter corporate deposit to subsidiary	-	-
(Increase)/Decrease in investments in mutual fund	(232.57)	1,440.00
Investment in bank deposits (having original maturity of more than three months)	576.68	(2,410.80)
Maturity of bank deposits (having original maturity of more than three months)	-	1,750.00
Interest received	308.63	234.39
Net cash used in investing activities	(12,664.30)	(2,175.05)
C Cash flow from financing activities		
Proceeds from issue of equity share capital	-	12,577.50
Proceeds from short term borrowings	49,917.25	17,544.00
Repayment of short term borrowing	(28,090.00)	(7,460.04)
Repayment of long term borrowings	(9,245.67)	(19,499.45)
Finance cost paid	(11,376.70)	(11,150.18)
Net cash generated from/ (used in) financing activities	1,204.88	(7,988.17)
Net increase in cash and cash equivalents (A+B+C)	(1,531.36)	1,684.81
Cash and cash equivalents as at the beginning of the year	1,808.48	123.67
Cash and cash equivalents as at the end of the year (refer note 17)	277.12	1,808.48



Components of cash and cash equivalents

Cash in hand

0.08

0.08

Bank balances in current accounts

277.04

1,808.40

277.12

1,808.48

Notes 1 to 40 form integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

The cashflow has been prepared using indirect method as specified in AS-3.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
(formerly Walker, Chandiook & Co)
Chartered Accountants

For and on behalf of Board of Directors
of Inox Renewables Limited newables Limited

Lalit Kumar
per Lalit Kumar
Partner



[Signature]
Director

[Signature]
Director

Place: Noida

Date: 06 May 2016

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹lakh, unless otherwise stated)

1. Inox Renewables Limited (“IRL” or the “Company” or “Parent”) is engaged in the business of generation and sale of wind energy and providing services for erection and commissioning of wind farms. The Company is a subsidiary of Gujarat Fluorochemicals Limited. All the activities of the Company are in India. The registered office of the Company is situated at Vadodara, Gujarat. These financial statements comprise a consolidation of the accounts of Company and its subsidiary, Inox Renewables (Jaisalmer) Limited (“IRJL”), collectively referred to as “Group”.

Additional information as required under Schedule III of the Companies act, 2013:

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Holding Company - Inox Renewables Limited	95.28%	49,628.60	109.14%	(2,647.36)
Indian Subsidiaries				
Inox Renewables (Jaisalmer) Limited	25.08%	13,064.04	(9.14%)	221.71
Subtotal	120.36%	62,692.64	100.00%	(2,425.65)
Consolidated eliminations/adjustments	(20.36)%	(10,605.00)	-	-
Grand total	100.00%	52,087.64	100.00%	(2,425.65)
Minority Interest in all subsidiaries	Nil	Nil	Nil	Nil

2. Significant accounting policies

a) Basis of preparation of financial statements

The consolidated financial statements have been prepared to comply with the Accounting Standards notified under section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The consolidated financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Group.

b) Principal of consolidation

- Consolidated financial statement normally includes Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement and Summary of significant accounting policies and other explanatory information that form an integral part thereof. The consolidated financial statements are presented, to the extent possible, in the same format as adapted by the Parent Company for its standalone financial statements.
- The consolidated financial Statements include the financial statements of the Parent Company and its subsidiaries which are more than 50 percent owned or controlled as at 31 March 2016.
- The consolidated financial statements have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

share in the post-acquisition profit increase in the relevant reserves of the entity to be consolidated.

- iv. Summary of significant accounting policies and other explanatory information, represents notes involving items which are considered material and are accordingly duly disclosed. Materiality for the purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements has not been disclosed in the consolidated financial statements

c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

d) Fixed assets and depreciation

Fixed assets and intangible assets (gross block) are stated at historical cost less accumulated depreciation, amortisation and impairment if any. Cost comprises the purchase price, borrowing cost and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation/amortisation on fixed assets including intangible assets for the year ended 31 March 2014 was provided on straight line method at rates which are either greater than or equal to the corresponding rates in Schedule XIV of the Companies Act, 1956, based on management estimate of the useful life of the assets.

Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective 1 April 2014, the management has reassessed and changed, the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for the year ended 31 March 2015 is provided on straight line method as per the rates prescribed under Schedule II of the Companies Act, 2013.

The Comparison of useful lives is as follows:

Block of asset	Useful life as per Companies Act, 2013 (in years)	Existing useful life as per Companies Act, 1956 (in years)
Plant and Machinery	15-22	19
Furniture and fixtures	10	10
Vehicles	10	10
Office equipments	3-5	20
Computer software	6	6

The leasehold land is amortized on time proportion basis over the period of lease i.e. 19 years.

e) Capital work in progress

Capital work-in-progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, development/ construction costs, borrowing



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

costs and other direct expenditure.

f) Investments

Investments are classified as long term or current, based on management's intention at the time of purchase. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Trade investments are the investments made for or to enhance the Group's business interests.

Current investments are stated at lower of cost and fair value determined on an individual investment basis. Long-term investments are stated at cost and provision for diminution in their value, other than temporary, is made in the financial statements.

g) Revenue recognition:

i) Sale of electricity

Revenue from generation and sale of electricity is recognized on the basis of actual power sold (net of reactive energy consumed) in accordance with the terms of the power purchase agreements entered with the respective customers and when no significant uncertainty exists regarding the amount of consideration that will be derived.

ii) Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable rate of interest.

h) Employee benefits :

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 - Employee Benefits (Revised 2005).

(i) Provident fund

The Group makes contribution to statutory provident fund, in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services

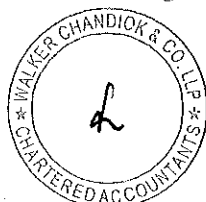
(ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses and past service costs. The present value of defined benefit/obligation is calculated at the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses are determined.

(iii) Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses are determined.

(iv) Other short term benefits

Short term benefits comprises employee costs such as salaries, bonuses, and paid annual leaves and sick leaves are accrued in the year in which the services are rendered by employees of the Group.

i) Foreign currency transactions

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate.

The exchange differences arising on such conversion and on settlement of the transactions are recognized in the statement of profit and loss.

In terms of the clarification provided by Ministry of Corporate Affairs ("MCA") vide a notification no. G.S.R.913(E) on Accounting Standard – 11 "Changes in Foreign Exchange Rates", the exchange gain/loss on long term foreign currency monetary items is adjusted in the cost of depreciable capital and depreciated over the balance life of the assets. The other exchange gains/losses are recognized in the statement of profit and loss.

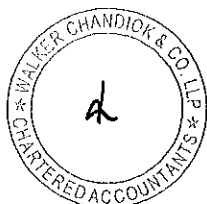
j) Accounting for hedges and derivatives

The Group uses various forms of derivative instruments such as options and interest rate swaps to hedge its exposure on account of movements in foreign exchange and interest rates. The use of derivatives is governed by Group's risk management strategy and Group's risk management policies for use of such financial derivatives. The Group does not use derivative financial instruments for speculative purposes. The derivatives are entered only where the counterparty is a bank.

In terms of the notification by the Institute of Chartered Accountants of India on status of Accounting Standard 30, "Financial Instruments: Recognitions and Measurement", the Group during the previous year has adopted the rules for hedge accounting contained in Accounting Standard 30. Accordingly, derivatives such as option contracts and interest rate swaps to hedge highly probable forecasted transactions which are outside the scope of Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates" may be designated as a hedging instrument in a permitted hedging relationship if the conditions for hedge accounting are met including high hedge effectiveness at the inception and throughout the period of the hedge.

Derivatives covered by Accounting Standard 11, or those that do not qualify for hedge accounting, or those not designated as an effective hedge in a permitted hedging relationship continue to be accounted for using the principle of prudence under Accounting Standard 1, and the mark to market losses if any are recognized fully in the profit and loss account at each reporting date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in 'Hedging Reserve Account'. The gain or loss relating to the ineffective portion is recognized immediately in statement of profit and loss. Amounts previously recognized in 'Hedging Reserve Account' and are reclassified to statement of profit and loss in the same periods when the hedged item affects profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that had been deferred in equity will be recognized immediately in the statement of profit and loss.



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit and loss. The hedged item is recorded at fair value and any gain or loss is recorded in the statement of profit and loss and is offset by the gain or loss from the change in the fair value of the derivative.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting, or when the Group revokes the hedging relationship.

k) Borrowing costs

Borrowing costs that are attributable to the acquisition and/or construction of qualifying assets are capitalized as part of the cost of such assets, in accordance with notified Accounting Standard 16 "Borrowing Costs". A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalization of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss account as incurred.

l) Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, the timing differences originating and reversing during the tax holiday period have not been considered while computing deferred tax.

Minimum alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

m) Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the statement of profit and loss.

n) Contingent liabilities and provisions:

The Group makes a provision when there is a present obligation as a result of a past event where the outflow of



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Group; or
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- present obligation, where a reliable estimate cannot be made.

o) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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



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INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount	Number of shares	Amount
3 Share capital				
Authorised share capital				
Equity shares of ₹ 10 each	4,000,000	400.00	4,000,000	400.00
Issued, subscribed and fully paid up capital				
Equity shares of ₹ 10 each	3,375,000	337.50	3,375,000	337.50
	<u>3,375,000</u>	<u>337.50</u>	<u>3,375,000</u>	<u>337.50</u>

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
Shares outstanding at the beginning of the year	3,375,000	33.75	3,050,000	30.50
Shares issued during the year	-	-	325,000	3.25
Shares outstanding at the end of the year	<u>3,375,000</u>	<u>33.75</u>	<u>3,375,000</u>	<u>33.75</u>

b) Rights/preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, in proportion of their shareholding, after distribution of all preferential amounts, if any. The distribution will be in proportion to the numbers of equity shares held by the shareholders.

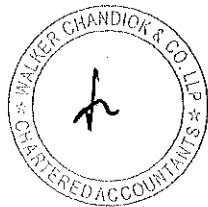
c) Details of shareholders holding more than 5% equity shares in the Company

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% of holding	Number of shares	% of holding
Gujarat Fluorochemicals Limited	33.74	99.98%	33.74	99.98%
	<u>33.74</u>	<u>99.98%</u>	<u>33.74</u>	<u>99.98%</u>

d) Details of shares held by Holding Company

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% of holding	Number of shares	% of holding
Gujarat Fluorochemicals Limited	33.74	99.98%	33.74	99.98%
	<u>33.74</u>	<u>99.98%</u>	<u>33.74</u>	<u>99.98%</u>

e) The Company has not issued bonus shares, equity shares issued for considerations other than cash and also no shares has been bought back during the year.



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INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

	As at 31 Mar 2016	As at 31 March 2015
4 Reserves and surplus		
Securities Premium Account		
Balance at the beginning of the year	12,545.00	-
Addition during the year	-	12,545.00
Balance at the end of the year	<u>12,545.00</u>	<u>12,545.00</u>
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	5,206.21	4,758.01
Add: Profit for the year	<u>(2,425.65)</u>	<u>448.21</u>
Balance at the end of the year	<u>2,780.55</u>	<u>5,206.22</u>
Revaluation reserve account		
Balance at the beginning of the year	37,469.64	37,469.64
Less: Loss on scrap of asset during the year	(24.88)	-
Less: Depreciation during the year	-	-
Balance at the end of the year	<u>37,444.76</u>	<u>37,469.64</u>
Hedging reserve		
Balance at the beginning of the year	(1,032.16)	(275.57)
Addition during the year (refer note no 36)	11.98	(756.59)
Balance at the end of the year	<u>(1,020.18)</u>	<u>(1,032.16)</u>
	<u>51,750.14</u>	<u>54,188.70</u>
5 Long-term borrowings		
Secured loans		
Foreign currency term loans from banks	40,579.71	45,211.87
Term loans from bank	12,482.25	13,200.00
Term loans from other parties	<u>26,448.00</u>	<u>28,068.12</u>
	<u>79,509.96</u>	<u>86,479.99</u>
Less: Amount disclosed under the head "other current liabilities" (note 11)	(9,707.36)	(9,259.29)
	<u>69,802.61</u>	<u>77,220.71</u>

Foreign currency term loans from banks includes the following:

1. Foreign currency term loan from ICICI bank (DIFC-Dubai) in 2 tranches:

- a. ₹ 3,004,358,400 from ICICI Bank Limited carrying an interest rate of 6 months Libor+4.14% per annum, repayable in 20 equal half yearly installments starting from 3 August 2013 and last installment falling due on 3 Feb 2023 for 50 megawatt Dangri.
- b. ₹ 1,178,179,765 from ICICI Bank Limited carrying an interest rate of 6 months Libor+4.14% per annum, repayable in 20 half yearly installments starting from 20 September 2013 and last installment falling due on 20 March 2023 for 20 megawatt Dangri.



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

Both the tranches are secured by way of:

- a) Exclusive charge over all the borrowers immovable assets, all present and future movable fixed assets identified under the project assets and Ossiya-1 i.e 19.5 megawatt.
- b) Exclusive charge over the escrow account to be opened with ICICI Bank Limited, India (Escrow Bank) for project Dangri and Ossiya-1
- c) Exclusive charge on all project documents, rights, titles, permits, approvals in respect of all the assets of the project including power purchase agreement and wheeling agreements and all project documents including all insurance policies relating to project, project book debts, operating cash flows, revenue of whatsoever nature including "Certified Emission Reduction" (CER) receivables.
- d) First pari passu with ICICI Bank, Bahrain over immovable assets and all present and future movable fixed assets identified at project of Gude Panchgani 23.1 megawatt.
- e) First pari-passu charge over the escrow account with respect to Gude Panchgani 23.1 megawatt.

2. Foreign currency term loan from ICICI bank (Bahrain):

Foreign currency term loan of ₹ 338,649,170 from ICICI Bank Limited carrying an interest rate of 5.86 % per annum, repayable in 38 equal quarterly installments starting from 20 December, 2007 and last installment falling due in March 2017.

This loans are secured by way of:

- a) First mortgage/charge/security interest on all of the company's present and future assets pertaining to the Gude Panchgani project including all movable properties.
- b) ICICI bank have a charge/lien over the escrow account(to be opened with ICICI), where the cash flows out of the project (sale proceeds from the power sold to Maharashtra State Electricity Board) are to be deposited by the company.

3. Rupee term loan from Yes Bank Limited (Mumbai)

Rupee term loan of ₹ 1,320,000,000 from Yes Bank Limited carrying an interest rate of 12.35 % p.a, repayable in quarterly installments starting from 31 December, 2014 and last installment falling due in 30 June 2028.

This loans are secured by way of:

- a) First Charge on all the present and future tangible/intangible moveables assets, current assets including receivables, others reserves and bank accounts pertaining to project.
- b) First Charge on all the present and future immovables assets both freehold and leasehold pertaining to the project.
- c) First charge on all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in project agreements, clearances etc. pertaining to the project.

4. Rupee term loan from Aditya Birla Finance Limited

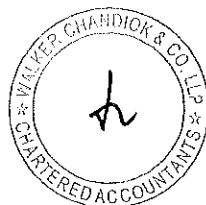
Rupee term loan of ₹ 454,950,000 from Aditya Birla Finance Limited carrying an interest rate of 12.40 % p.a, repayable in quarterly installments starting from 31 December, 2013 and last installment falling due in 30 June 2023.

This loans are secured by way of:

- a) First charge on all the present and future tangible/intangible movables assets, current assets including receivables (pertaining to 22.5 MW Rajasthan project (Sadiya & Ossiya II)).
- b) First charge on all the present and future immovables assets both freehold and leasehold pertaining to the 22.5 MW Rajasthan project (Sadiya and Ossiya II).
- c) First charge on all the projects bank accounts including but not limited to escrow account and any other reserves and other bank accounts of the borrower pertaining to the 22.5 MW Rajasthan project (Sadiya and Ossiya II)

5. Rupee term loan from International Finance Corporation

- i) Term loan from International Finance Corporation is secured by hypothecation of all movable and immovable fixed assets including cash flow and receivables of project assets of its Dangri (64MW) wind farm.
- ii) Corporate guarantee of the parent company.



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

b) Terms of repayment (including current maturities)

The term loan is repayable in 28 installments starting from 14 October 2013 and the rate of interest on the loan is 11.44% per annum for the current year.

Unsecured loans from the Holding Company

The rate of interest on these deposits is 10% per annum

	As at 31 Mar 2016	As at 31 March 2015
6 Deferred tax Liability (net)		
Deferred tax liability arising on account of:		
Difference between written down value of fixed assets as per books of accounts and tax records	632.52	451.99
	<u>632.52</u>	<u>451.99</u>
Deferred tax asset arising on account of:		
Gratuity	(8.04)	(3.11)
Compensated absences	(9.60)	(4.09)
Provision for doubtful advances	(488.36)	-
	<u>(506.00)</u>	<u>(7.20)</u>
	<u>126.52</u>	<u>444.79</u>

The Company has unabsorbed depreciation and carried forward losses under tax laws. Long-term power purchase agreements with power distribution entities supports the recognition of deferred tax assets in accordance with Accounting Standard-22, Accounting for Taxes on Income.

7 Other long-term liabilities

Income received in advance	3,071.83	2,627.33
	<u>3,071.83</u>	<u>2,627.33</u>

8 Long-term provisions

Provision for employee benefits		
- for compensated absences	3.90	8.52
- for gratuity	14.27	11.26
	<u>18.17</u>	<u>19.78</u>

9 Short-term borrowings

Unsecured loans from bank		
Indusind Bank	10,000.00	
Unsecured loans from related party		
Inox Wind Limited	27,807.13	15,979.92
Inox Renewables (Jaisalmer) Limited	-	-
	<u>37,807.13</u>	<u>15,979.92</u>

a) Details of terms of repayment for the short term borrowings

The inter-corporate deposit from related parties is repayable on demand. The rate of interest on the deposit is 10% per annum.

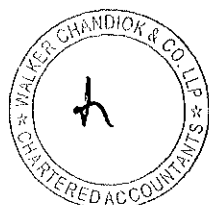
Loans from related party

The inter-corporate deposit from related parties is repayable on demand. The rate of interest on the deposit is 12% per annum.

During the year, the Company has borrowed funds from related parties. The management, basis the legal opinions obtained, is of the view that the requirements of section 185 have been complied with in respect of such borrowings.

10 Trade payables

Due to:		
Micro enterprises and small enterprises (refer note 31)	-	-
Other than micro enterprises and small enterprises	477.25	825.36
	<u>477.25</u>	<u>825.36</u>



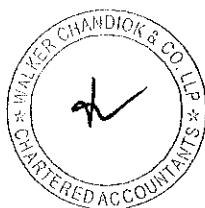
INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

	As at 31 Mar 2016	As at 31 March 2015
11 Other current liabilities		
Current maturities of long term borrowings (refer note 5)	9,707.36	9,259.29
Interest accrued but due on borrowings	1,657.99	399.87
Interest accrued but not due on borrowings	1,747.78	1,875.34
Advance from customers	147.40	147.40
Income received in advance	197.94	168.34
Creditors for capital expenditure	980.36	3,109.39
Other liabilities	168.29	284.22
Unscheduled Interchanges charges payable	466.27	422.56
Derivative financial liabilities	1,075.77	1,306.09
Statutory dues	144.41	85.43
	<u>16,293.57</u>	<u>17,057.93</u>
12 Short-term provisions		
Provision for income tax (net of advance tax ₹432.60)	-	112.04
Provision for employee benefits		
- for compensated absence	23.84	10.29
- for gratuity	8.95	6.63
	<u>32.79</u>	<u>128.96</u>

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INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

13. Fixed assets

A. Tangible fixed assets

Gross carrying amount	Freehold land (***)	Leasehold land	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total tangible assets
Balance as at 1 April 2014	160.05	200.40	145,806.19	36.49	2.34	22.03	146,227.51
Additions	-	164.14	977.77	-	-	2.31	1,144.22
Adjustments							
- on account of exchange rate fluctuations	-	-	1,867.84	-	-	-	1,867.84
- on account of borrowing costs†	-	-	280.63	-	-	-	280.63
Balance as at 31 March 2015	160.05	364.54	148,932.44	36.49	2.34	24.34	149,520.19
Additions	518.00	-	25,073.31	-	-	1.50	25,592.81
Adjustments							
- on account of exchange rate fluctuations	-	-	2,275.64	-	-	-	2,275.64
- on account of borrowing costs	-	-	2,778.94	-	-	-	2,778.94
- on account of disposal/adjustments	-	-	(30.36)	-	-	-	(30.36)
Balance as at 31 March 2016	678.05	364.54	179,029.97	36.49	2.34	25.84	180,137.23

Accumulated depreciation

Balance as at 1 April 2014	-	19.16	11,125.97	5.18	0.41	6.11	11,156.83
Revaluation charge	-	4.56	1,861.25	0.50	0.19	4.40	1,870.89
Depreciation charge	-	10.21	4,750.61	3.31	0.05	7.24	4,771.41
Balance as at 31 March 2015	-	33.93	17,737.83	8.99	0.65	17.75	17,799.14
Revaluation charge	-	4.56	1,860.09	0.50	0.19	0.81	1,866.14
Depreciation charge	-	14.64	5,067.95	3.31	0.05	2.71	5,088.65
Disposal/adjustments	-	-	(3.71)	-	-	-	(3.71)
Balance as at 31 March 2016	-	53.12	24,662.16	12.80	0.88	21.27	24,750.22

Net block

Balance as at 31 March 2015	160.05	330.61	131,194.61	27.50	1.69	6.59	131,721.06
Balance as at 31 March 2016	678.05	311.42	154,367.81	23.70	1.46	4.57	155,387.01

B. Intangible fixed assets

Gross carrying amount	Computer software	Total
Balance as at 1 April 2014	0.76	0.76
Additions	-	-
Balance as at 31 March 2015	0.76	0.76
Additions	-	-
Balance as at 31 March 2016	0.76	0.76

Accumulated amortisation

Balance as at 1 April 2014	0.38	0.38
Amortisation charge	0.13	0.13
Balance as at 31 March 2015	0.51	0.51
Amortisation charge	0.13	0.13
Balance as at 31 March 2016	0.64	0.64

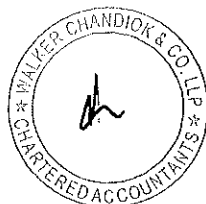
Net block

Balance as at 31 March 2015	0.25	0.25
Balance as at 31 March 2016	0.12	0.12

† This has been transferred from CWIP to fixed assets on account of change in the capitalisation plan of Maharashtra location

‡ Effective from 1 April 2014, the Company has revised the estimates of computing depreciation based on the revised useful life of the assets as per the requirements of Schedule-II of the Companies Act. Consequently, the depreciation charged for the year ended 31 March 2015 was lower by ₹ 782.72 lac and profit for the year was higher by the corresponding amount.

*** Includes land carrying value of ₹ 209.41 lacs situated at Lahori, Nipaniya and Ayanaroothu and the Company is in process of getting registered in its name.



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

14 Long term-loans and advances

(Unsecured, considered good, unless otherwise stated)

Capital advances	355.67	242.61
Security deposits	2.76	583.05
Advance tax (net of provision for tax ₹ 1,223.20 lac)	686.09	332.27
Prepaid expense	10.96	11.73
MAT credit entitlement	1,611.25	1,535.58
	<u>2,666.74</u>	<u>2,705.24</u>

15 Other non-current assets

Fixed deposit with more than twelve months maturity period	0.10	0.10
	<u>0.10</u>	<u>0.10</u>

16 Trade receivables

Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	5,833.08	600.98
Unsecured, considered doubtful	472.62	1.06
	<u>6,305.70</u>	<u>602.04</u>
Less: Provision for doubtful debts	(472.62)	(1.06)
	<u>5,833.08</u>	<u>600.98</u>

Others

Unsecured, considered good	5,732.28	7,251.12
	<u>11,565.35</u>	<u>7,852.10</u>

17 Cash and bank balances

Cash and cash equivalents

Cash in hand	0.08	0.08
Balance with banks		
- In current accounts	277.04	1,808.40
	<u>277.12</u>	<u>1,808.48</u>

Other bank balances

- Fixed deposit with more than three months but less than twelve months maturity period	2,066.69	2,410.80
	<u>2,343.81</u>	<u>4,219.28</u>

18 Short-term loans and advances

a) Loans and advances to related parties

(unsecured, considered good, unless otherwise stated)

a) Advances recoverable in cash or in kind or for value to be received	88.35	38.38
b) Other loan and advances		
Security deposits	162.00	686.69
Prepaid expenses	46.90	31.12
Advance tax (net of tax provision)	-	-
	<u>297.24</u>	<u>756.20</u>



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

19 Other current assets

Unbilled revenue	415.07	-
Work contract tax receivable	-	14.09
Interest accrued but due on investments	-	-
Interest accrued but not due - on fixed deposits	38.30	42.75
	<u>453.36</u>	<u>56.84</u>

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016
(All amounts in ₹ lakh, unless otherwise stated)

	Year ended 31 March 2016	Year ended 31 March 2015
20 Revenue from operations		
Revenue from power generation	16,553.04	18,882.99
Other operating revenue	214.15	692.02
	<u>16,767.18</u>	<u>19,575.00</u>
Details of sale of product		
Sale of wind energy	15,304.21	17,514.39
Income from green benefit incentive	1,040.98	1,275.43
Income from sale of renewable energy certificate	207.85	93.16
Other operating income		
Details of sale of services		
Sharing of common infrastructure charges	214.15	692.02
	<u>16,767.17</u>	<u>19,575.00</u>
21 Other income		
Interest on fixed deposits	163.77	164.46
Profit on scrap of mast	0.07	
Profit on redemption of mutual fund units	-	13.70
Interest on income tax refund	2.97	-
Other interest income	0.04	0.04
Mark to market gain on derivative contracts	218.34	72.56
Gain on settlement of derivative	186.35	47.68
Excess tax provision written back	2.33	-
	<u>573.87</u>	<u>298.44</u>
22 Operation and maintenance expenses		
Operations and maintenance expenses	2,166.22	854.75
Common infrastructure charges	0.74	0.74
Shared service procurement cost	-	529.88
	<u>2,166.96</u>	<u>1,385.37</u>
23 Employee benefits expense		
Salary and wages	264.92	231.92
Contribution to gratuity	18.59	19.55
Contribution to provident and other funds	13.26	13.16
	<u>296.77</u>	<u>264.63</u>



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated fi
(All amounts in ₹ lakh, unless otherwise stated)

	Year ended 31 March 2016	Year ended 31 March 2015
24 Finance costs		
Interest on:		
Term loan from banks	8,835.74	6,733.19
Other loans	1,853.49	4,027.25
Other finance cost	43.72	75.49
	<u>10,732.95</u>	<u>10,835.93</u>
Less: Transferred to capital work in progress	(956.31)	(1,511.37)
	<u>9,776.64</u>	<u>9,324.57</u>
25 Other expenses		
Legal and professional	171.18	122.96
Rates and taxes	22.11	8.22
Repairs and maintenance on plant and machinery	0.49	5.45
Payment to auditors (refer note 28)	13.74	10.11
Rent	44.28	40.40
Travelling and conveyance	20.96	36.41
Communication expenses	4.18	4.51
Insurance	49.22	54.65
Security expenses	14.45	16.07
Provision for bad debts	471.56	-
Advance written back	40.84	-
Loss on insurance claim receivable	5.11	-
Business support charges	-	6.16
Miscellaneous expenses	30.74	28.06
	<u>888.87</u>	<u>333.00</u>
26 Prior period items		
Interest on term loan	-	3.38
Rates and taxes	-	1.17
Legal and professional charges	-	5.73
	<u>-</u>	<u>10.29</u>
27 Basic and diluted earning per share		
Net profit attributable to equity shareholders	(2,425.66)	448.21
Number of fully paid equity shares at the end of the year	33.75	33.75
Weighted average number of equity shares outstanding during the year	33.75	32.69
Nominal value of equity share (₹)	10.00	10.00
Basic and diluted earnings per equity share (₹)	(71.87)	13.71



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹lakh, unless otherwise stated)

28. Particulars of payment to auditors:-

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Statutory audit	7.50	4.50
Other services	4.50	4.50
Service tax	1.74	1.11
Total	13.74	10.11

29. Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances as at 31 March 2016 amounts to ₹1,136.31 (previous year ₹3,416.96).

30. Contingent liabilities

Particulars	31 March 2016	31 March 2015
(a) Claims against the company not acknowledged as debt	64.74	64.74
(b) Other money for which the company is contingently liable.	22,261.50	23,518.62
- Corporate guarantee for loan taken by Inox Renewables (Jaisalmer) Limited (a subsidiary of the Company)		
- Litigation with one of the state electricity distribution board	870.00	870.00
- Income Tax demand in respect of assessment year 2012-13 & 2013-14. The company is contesting the demand and has filed appeal under the applicable laws. The management believes that its position is tenable and would not materially affect the financial statements.	1441.46	246.73

31. Based on the information available with the Group, there are no dues outstanding in respect of micro, small and medium enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA) at the balance sheet date. No amounts were payable to such enterprises which were outstanding for more than 45 days. Further, no interest during the year has been paid or payable in respect thereof. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Group.



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INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹lakh, unless otherwise stated)

32. Employee benefits:

- a) Defined benefit plans: The amounts recognized in respect of gratuity and compensated absence, as per actuarial valuation, are as under:-

A. Gratuity

Amount recognised in the statement of profit and loss is as under:

S.No.	Description	31 March 2016	31 March 2015
a)	Current service cost	4.90	6.07
b)	Interest cost	1.37	0.57
c)	Actuarial loss recognised during the year	4.13	5.00
d)	Expense recognised in the statement of profit and loss	5.92	11.64

Movement in the liability recognised in the balance sheet is as under:

S.No	Description	31 March 2016	31 March 2015
a)	Present value of defined benefit obligation as the beginning of the year	17.89	6.25
b)	Current service cost	4.90	6.07
c)	Interest cost	1.37	0.57
d)	Actuarial (gain)/loss recognised during the year	(0.59)	5.00
e)	Present value of defined benefit obligation as at the end of the year	23.21	17.89

For determination of the gratuity liability of the Group, the following actuarial assumptions were used:

S.No.	Description	31 March 2016	31 March 2015
a)	Discount rate	7.46%	7.77%
b)	Rate of increase in compensation level	8.00%	8.00%
c)	Attrition rate (Up to 42 years)	5.00%	5.00%
d)	Retirement age	60 Years	60 years
e)	Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult

Experience adjustments

Description	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Present value of defined benefit obligations	23.22	17.88	6.25	11.57	2.75
Experience (gain)/loss on obligation	(0.77)	3.78	(9.07)	(9.70)	-



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹lakh, unless otherwise stated)

B. Compensated absences

Amount recognised in the statement of profit and loss is as under:

S.No.	Description	31 March 2016	31 March 2015
a)	Current service cost	6.56	5.30
b)	Interest cost	0.85	0.62
c)	Actuarial loss/(gain) recognised during the year	2.76	3.90
d)	Expense recognised in the statement of profit and loss	7.48	9.82

Movement in the liability recognised in the balance sheet is as under:

S.No.	Description	31 March 2016	31 March 2015
a)	Present value of defined benefit obligation as at the beginning of the year	18.80	15.60
b)	Current service cost	9.38	3.47
c)	Interest cost	0.85	0.62
d)	Actuarial loss/(gain) recognized during the year	2.19	3.90
e)	Contributions paid	(1.37)	(4.79)
f)	Present value of defined benefit obligation as at the end of the year	27.74	18.80

For determination of the compensation absence liability of the Group, the following actuarial assumptions were used:

S.No.	Description	31 March 2016	31 March 2015
a)	Discount rate	7.46%	7.77%
b)	Rate of increase in compensation level	8.00%	8.00%
c)	Attrition rate (Up to 42 years)	5.00%	5.00%
d)	Retirement age	60 Years	60 years
e)	Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult

Experience adjustments

Description	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Present value of defined benefit obligations	17.07	11.53	9.19	6.74	2.73
Experience (gain)/loss on obligation	(0.83)	0.35	(0.99)	(1.65)	(1.03)



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹lakh, unless otherwise stated)

C. Provident fund

The Group makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. This is post-employment benefit and is in the nature of defined benefit plan. Contribution made by the group during the year is ₹13.26 (previous year ₹15.51 lakh)

33. Related party disclosure:

Information required to be disclosed under the Accounting Standard 18 on 'Related Party Disclosures' are given below:

a) Relationships

- (i) Holding/ultimate holding company:
Gujarat Fluorochemicals Limited - Holding Company
Inox Leasing and Finance Limited- Ultimate Holding Company
- (ii) Subsidiary/fellow subsidiary entities at any time during the year with whom there are transactions during the year
Inox Wind Limited – Fellow Subsidiary
Inox Wind Infrastructure Services Limited– Fellow Subsidiary
- (iii) Key managerial personnel
Devansh Jain
Vivek Kumar Jain
Pavan Kumar Jain
Bhupesh Kumar Juneja



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INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹ lakh, unless otherwise stated)

(b) The following transactions were carried out with related parties in the ordinary course of business

Particulars	Holding company		Fellow subsidiary		Key Managerial personnel	
	Gujarat Fluorochemicals Limited	Inox Wind Limited	Inox Wind Infrastructure Limited	Bhupesh Kumar Juncja		
A) Transactions during the year	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Issue of equity share capital	-	32.50	-	-	-	-
Short term borrowing received	-	-	33,270.21	16,933.00	-	-
Receipt of loan granted	-	10,600.00	21,443.00	6,849.00	-	-
Interest expenses on unsecured loan	-	351.40	1,842.35	925.32	-	-
Operation and maintenance expenses	-	-	-	-	1,174.69	33.26
Accounting charges	-	-	-	-	-	1.12
Income from Sharing of common infrastructure charges	-	-	0.75	-	23.79	5.98
Shared service procurement cost	-	-	-	-	-	529.88
Expenses incurred on our behalf	-	3.31	516.19	129.87	350.37	100.50
Expenses to be reimbursed	-	-	-	-	477.36	31.10
Purchase of assets	-	-	14,857.00	-	5,538.25	-
Return of assets	-	-	7,249.00	7,872.00	-	-
Managerial Remuneration	-	-	-	-	-	73.86
						63.71

Particulars	Holding company		Fellow subsidiary	
	Gujarat Fluorochemicals Limited	Inox Wind Limited	Inox Wind Infrastructure Limited	Inox Wind Infrastructure Limited
B) Balances at the year end	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Unsecured loan payable	-	-	27,807.13	15,979.92
Interest payable	-	-	1,657.99	399.87
Advance recoverable	13.90	-	-	-
Other current liabilities	-	148.91	306.55	2,410.01
			389.91	172.76



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹lakh, unless otherwise stated)

34. The Group is engaged in the business of generation of wind energy which as per notified Accounting Standard 17 on "Segment Reporting" of the Companies (Accounting Standards) Rules 2006, is considered to be the only reportable business segment. The group is operating in India which is considered as a single geographical segment.
35. The parent company's significant leasing arrangements are in respect of operating leases for premises (offices and residential accommodations). These lease arrangements are cancelable, range between 11 to 36 months and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals amounting to ₹42.76 (previous year ₹38.90 lakh) are charged as 'Rent' in the Statement of Profit and Loss.
36. Derivative outstanding and foreign currency exposure as at Balance Sheet date:

a) Following are the outstanding derivative contracts entered into by the parent company as at 31 March 2016:

S. No.	Nature of contract	Foreign currency	Buy/sell	Purpose
(i)	Interest rate swap	USD	Buy	Hedging of interest rate of loan
(ii)	Currency option	USD	Buy	Hedging of foreign currency

The parent company has classified its interest rate swap contract that hedge interest rate risk associated with highly probable forecasted transaction as cash flow hedge and measures it on fair value. The effective portion of such cash flow hedge is recorded as part of reserves and surplus with in the "Hedging Reserve Account" and re-classified in the Statement of Profit and Loss as interest expense in the period corresponding to the occurrence of the highly probable forecasted transactions.

b) Details of foreign currency exposures that are hedged by a derivative instrument or otherwise included in borrowing is as mentioned below:

S.No.	Particulars	31 March 2016		31 March 2015	
		USD	USD	INR	INR
(a)	ECB loan	524.83	34,813.52	38,993.70	38,993.70
(b)	Interest payable	4.46	271.81	306.89	306.89

The loan as on 31 March 2016 has been restated @ ₹66.33 per USD.

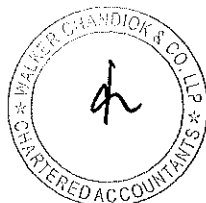
c) The details of foreign currency exposures that are not hedged by a derivative instrument or otherwise included in borrowing is as mentioned below:

S.No.	Particulars	31 March 2016		31 March 2015	
		USD	USD	INR	INR
(a)	ECB loan	86.93	5,766.19	6,218.17	6,218.17
(b)	Interest payable	0.12	8.27	9.27	9.27

The loan as on 31 March 2016 has been restated @ ₹66.33 per USD.

37. Expenditure in foreign currency (on accrual basis)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Interest expense	3,895.80	4,407.63



INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended

31 March 2016

(All amounts in ₹lakh, unless otherwise stated)

38. On 30 March 2012, the company revalued its fixed assets of the wind energy business acquired as part of slump sale from Gujarat Fluorochemicals Limited, the holding Company. Consequently ₹41,878.13 was credited to the revaluation reserve with corresponding addition to gross block of respective fixed assets. During current year, pursuant to Schedule II to the Companies Act 2013 which requires charging depreciation on the cost of an asset or revalued amount, the depreciation on the revalued asset amounting to ₹1,866.14 & ₹1,870.89 has been charged to Statement of Profit and Loss for the year ended 31 March 2016 and 31 March 2015 respectively.
39. As per the provisions of section 135 of the Companies Act, 2013 every company having net worth of ₹ 500 crore or more or turnover of ₹ 1,000 crore or more or a net profit of ₹5 crore or more during any of the three preceding financial years, shall spend atleast 2 percent of the average net profits of the company made during the three immediately preceding financial years. The Company has not spent such amount during the year as it is under the process to identify the projects for incurring such expenditure.
40. The consolidated financial statements have been prepared for the first time therefore previous year amounts have not been given.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
(formerly Walker, Chandiook & Co)
Chartered Accountants

Lalit Kumar

per Lalit Kumar
Partner



For and on behalf of the Board of Directors of
Inox Renewables Limited

[Signature]
Director

[Signature]
Director

Place: Noida

Date: 06 May 2016

[Handwritten mark]