

INOX RENEWABLES LIMITED

FINANCIAL STATEMENTS

2013-14

Independent Auditors' Report

To the Members of Inox Renewables Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Inox Renewables Limited, (the 'Company'), which comprise the Balance Sheet as at 31 March 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
 - ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ; and
 - e. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

per **Neeraj Sharma**
Partner
Membership No.: 502103

Place: Noida
Date: 29 May, 2014

Annexure to the Independent Auditors' Report of even date to the members of Inox Renewables Limited, on the financial statements for the year ended 31 March 2014

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii) (d) of the Order are not applicable.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) The Company has not entered into any contracts or arrangements referred to in Section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

**Annexure to the Independent Auditors' Report of even date to the members of
Inox Renewables Limited, on the financial statements for the year ended 31 March
2014**

- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
 - (b) There are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has been registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to any bank during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from financial institution is not, *prima facie*, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties /and companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

**Annexure to the Independent Auditors' Report of even date to the members of
Inox Renewables Limited, on the financial statements for the year ended 31 March
2014**

- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

per **Neeraj Sharma**
Partner
Membership No.: 502103

Place: Noida
Date: 29 May, 2014

INOX RENEWABLES LIMITED
BALANCE SHEET AS AT 31 MARCH 2014
(Unless otherwise stated, all amounts are in Indian Rupees)

	Note	As at 31 March 2014	As at 31 March 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	30,500,000	30,500,000
Reserves and surplus	4	4,071,835,422	4,203,022,459
		4,102,335,422	4,233,522,459
Non current liabilities			
Long term borrowings	5	7,176,202,299	5,590,207,719
Other long term liabilities	6	244,625,866	132,078,900
Long term provisions	7	1,046,403	1,113,433
		7,421,874,568	5,723,400,052
Current liabilities			
Short term borrowings	8	589,592,000	1,010,600,000
Trade payables	9	392,227,691	245,176,422
Other current liabilities	10	2,473,464,242	1,209,549,822
Short term provisions	11	1,138,475	1,163,684
		3,456,422,408	2,466,489,928
		14,980,632,398	12,423,412,439
ASSETS			
Non current assets			
Fixed assets			
(i) Tangible assets	12	10,045,448,128	9,382,923,218
(ii) Intangible assets	12	38,261	50,623
(iii) Capital work-in-progress		2,922,193,760	933,357,396
		12,967,680,149	10,316,331,237
Deferred tax asset (net)	13	65,638,131	94,551,402
Non current investment	14	1,060,500,000	1,060,500,000
Long term loans and advances	15	61,632,722	53,377,578
Other non current assets	16	10,000	50,000,000
		14,155,461,002	11,574,760,217
Current assets			
Trade receivables	17	331,050,901	516,266,217
Cash and bank balances	18	187,367,443	19,785,046
Short term loans and advances	19	293,925,358	298,862,429
Other current assets	20	12,827,694	13,738,530
		825,171,396	848,652,222
		14,980,632,398	12,423,412,439

Notes 1 to 41 form integral part of the financial statements

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

For and on behalf of Board of Directors

per **Neeraj Sharma**
Partner

Director

Director

Head- Accounts and Taxation

Place: Noida

Date:

INOX RENEWABLES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014
(Unless otherwise stated, all amounts are in Indian Rupees)

	Note	Year ended 31 March 2014	Year ended 31 March 2013
Revenue			
Revenue from operations	21	1,157,513,014	1,322,668,625
Other income	22	19,994,413	5,386,752
Total revenue		1,177,507,427	1,328,055,377
Expenses			
Erection, commissioning, operation and maintenance expenses	23	69,173,498	642,667,388
Employee benefits expense	24	20,849,643	29,138,403
Depreciation and amortisation	12	294,244,508	151,634,446
Finance cost	25	574,288,786	294,216,051
Other expenses	26	73,244,038	64,880,775
Total expenses		1,031,800,473	1,182,537,063
Profit before tax		145,706,954	145,518,314
Tax expense:			
Current tax		30,540,906	13,558,892
MAT credit entitlement		(30,540,906)	(13,558,892)
Deferred tax		28,913,270	(94,551,402)
Profit after tax		116,793,684	240,069,716
Earning per share			
Basic and diluted	27	38.29	78.71

Notes 1 to 41 form integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

For and on behalf of Board of Directors

per **Neeraj Sharma**
Partner

Director

Director

Head- Accounts and Taxation

Place: Noida

Date:

INOX RENEWABLES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014
(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended 31 March 2014	For the year ended 31 March 2013
A Cash flow from operating activities		
Net profit before tax	145,706,954	145,518,316
Adjustments for :		
Depreciation and amortisation	294,244,508	151,634,447
Mark to market loss on derivative	34,648,634	-
Gain on settlement of derivative	(3,758,908)	-
Interest income	(14,367,170)	(2,036,595)
Interest expense	574,288,786	294,216,051
Provision written back	(533,221)	-
Advance written off	1,475,984	-
Provision for employee benefits	440,982	1,470,162
Operating profit before working capital changes	1,032,146,549	590,802,380
Adjustment for changes in working capital:		
Decrease/(increase) in trade receivables	185,215,316	(326,301,010)
Decrease/(increase) in loans and advances	67,014,190	(177,413,761)
Increase in trade payables	147,051,269	241,695,997
Increase/(decrease) in other liabilities	104,425,808	(147,391,787)
Cash generated from operations	1,535,853,132	181,391,819
Taxes paid	(32,500,000)	(77,040,628)
Net cash generated from operating activities	1,503,353,132	104,351,191
B Cash flow from investing activities		
Purchase of fixed assets	(609,933,143)	(5,025,192,884)
Decrease/(increase) in capital work in progress	(945,375,095)	4,113,228,473
Purchase of investments	-	(1,060,500,000)
Interest received	3,648,997	1,770,895
Net cash used in investing activities	(1,551,659,241)	(1,970,693,517)
C Cash flow from financing activities		
Proceeds from short term borrowings	(421,008,000)	1,010,600,000
Proceeds from long term borrowings	1,875,000,000	-
Repayment of long term borrowings	(685,763,246)	910,699,036
Interest paid	(552,340,249)	(271,715,189)
Net cash generated from financing activities	215,888,504	1,649,583,847
Net increase/(decrease) in cash and cash equivalents	167,582,395	(216,758,479)
Cash and cash equivalents as at the beginning of the year	19,785,048	236,543,526
Cash and cash equivalents as at the end of the year (refer note 18)	187,367,443	19,785,046
	(167,582,395)	216,758,479

Notes 1 to 41 form integral part of the financial statements

This is the cash flow statement referred to in our report of even date

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

For and on behalf of Board of Directors

per **Neeraj Sharma**
Partner

Director

Director

Head- Accounts and Taxation

Place: Noida

Date:

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended

31 March 2014

(Unless otherwise stated, all amounts are in Indian Rupees)

1. Nature of operations-

Inox Renewables Limited (the "Company") 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.

2. Significant accounting policies

a) Basis of accounting

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and relevant provisions of the Companies Act, 1956 (the 'Act') read with the General Circular 15/ 2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and the guiding principles of the Accounting Standard 30, Financial Instruments- Recognition and Measurement issued by the Institute of Chartered Accountants of India in respect of certain derivative instruments. The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis modified by the fair value accounting for certain derivatives. The accounting policies have been consistently applied by the Company unless specifically stated otherwise.

b) 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.

c) Fixed assets and depreciation

Fixed assets including intangible assets (gross block) are stated at historical cost or the revalued amounts as the case may be, less accumulated depreciation and impairment. Cost comprises the purchase price, borrowing cost and any attributable cost of bringing the asset to its working condition for its intended use. Depreciation on fixed assets is provided on straight line method at the rates, and in the manner specified in schedule XIV to the Companies Act, 1956 or rates based on useful life of assets as per management's estimates whichever is higher. Depreciation on intangible assets is provided on the estimates of the useful life of the asset.

The leasehold land is amortized on time proportion basis over the period of lease.

In case of revaluation of tangible assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit and loss, in which case the increase is recognised in the statement of profit and loss. A revaluation deficit is recognised in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

d) Investments

Investments are classified as long term or current, based on management's intention at the time of purchase. Investments that are readily realisable 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.

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

(Unless otherwise stated, all amounts are in Indian Rupees)

Trade investments are the investments made for or to enhance the Company'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.

e) Revenue recognition:

i) Sale of electricity

Revenue from generation and sale of electricity is recognised 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.

ii) Revenue from services

Revenue from erection and commissioning of wind energy generating services is recognised in accordance with the terms and conditions of the respective agreements on completion of commissioning services provided, net of taxes.

iii) Interest income

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

f) 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 Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. In terms of the Guidance on implementing the revised AS – 15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognised as an expense in the period in which services are rendered by the employee.

(ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised 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 unrecognised actuarial gains or losses and past service costs. The 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.

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

(Unless otherwise stated, all amounts are in Indian Rupees)

(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 recognised on the basis of undiscounted value of estimated amount required to be 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.

g) 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 recognised 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 recognised in the statement of profit and loss account.

h) Accounting for hedges and derivatives

The Company 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 Company's risk management strategy and Company's risk management policies for use of such financial derivatives. The company does not use derivative financial instruments for speculative purposes. The derivatives are entered only where the counterparty is abank.

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 Company during the current 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 recognised immediately in the statement of profit and loss.

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

(Unless otherwise stated, all amounts are in Indian Rupees)

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 Company revokes the hedging relationship.

i) 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. Capitalisation 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.

j) 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 recognised 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 recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised 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 Company 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 Company will pay normal income tax during the specified period.

k) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company 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 recognised 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.

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

(Unless otherwise stated, all amounts are in Indian Rupees)

l) Contingent liabilities and provisions:

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

m) 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

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at 31 March 2014		As at 31 March 2013	
	Number of shares	Amount	Number of shares	Amount
3: Share capital				
Authorised share capital				
Equity shares of Rs. 10 each	3,100,000	31,000,000	3,100,000	31,000,000
Issued, subscribed and fully paid up capital				
Equity shares of Rs. 10 each	3,050,000	30,500,000	3,050,000	30,500,000
	3,050,000	30,500,000	3,050,000	30,500,000

a) There are no changes in the share capital in the current and immediately preceding financial year.

b) Rights/preferences and restrictions 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. 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 2014		As at 31 March 2013	
	Number of shares	% of holding	Number of shares	% of holding
Gujarat Fluorochemicals Limited	3,049,400	99.98%	3,049,400	99.98%
	3,049,400	99.98%	3,049,400	99.98%

d) Details of shares held by Holding Company

	As at 31 March 2014		As at 31 March 2013	
	Number of shares	% of holding	Number of shares	% of holding
Gujarat Fluorochemicals Limited	3,049,400	99.98%	3,049,400	99.98%
	3,049,400	99.98%	3,049,400	99.98%

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 for the year ended 31 March 2014
(Unless otherwise stated, all amounts are in Indian Rupees)

	<u>As at</u> <u>31 March 2014</u>	<u>As at</u> <u>31 March 2013</u>
4: Reserves and surplus		
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	235,634,054	(4,435,662)
Add: Profit for the year	<u>116,793,684</u>	<u>240,069,716</u>
	<u>352,427,738</u>	<u>235,634,054</u>
Revaluation reserve		
Balance at the beginning of the year	3,967,388,405	4,187,812,626
Less: Depreciation during the year	<u>(220,424,221)</u>	<u>(220,424,221)</u>
	<u>3,746,964,184</u>	<u>3,967,388,405</u>
Hedging reserve account		
Balance at the beginning of the year	-	-
Addition during the year (Refer note 36)	<u>(27,556,500)</u>	<u>-</u>
	<u>(27,556,500)</u>	<u>-</u>
	<u>4,071,835,422</u>	<u>4,203,022,459</u>
5: Long term borrowings		
Secured loans		
Foreign currency term loans from banks	4,341,252,299	4,530,207,719
Term loan from bank	1,774,950,000	-
Unsecured loans from the Holding Company		
Gujarat Fluorochemicals Limited	<u>1,060,000,000</u>	<u>1,060,000,000</u>
	<u>7,176,202,299</u>	<u>5,590,207,719</u>

Foreign currency term loans from banks includes the following:**1. Foreign currency term loan from ICICI bank (DIFC-Dubai) in 2 tranches:**

- a. Rs. 3,245,389,200 (previous year Rs. 3,263,358,000) 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. Rs. 1,272,701,672 (previous year Rs. 1,279,748,235) 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.

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, Hongkong 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 Rs. 487,757,296 (previous year Rs. 588,549,477) 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.

These 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 Panchagani 23.1 megawatt 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 Rs. 137,50,00,000 (Sanction amount Rs. 275,00,00,000) from Yes Bank Limited carrying an interest rate of 12.10 % p.a, repayable in 55 equal quarterly installments starting from 31 December, 2014 and last installment falling due in 30 June 2028.

These loans are secured by way of:

- a) First charge on all the present and future tangible/intangible movables 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 Company in project agreements, clearances etc. pertaining to the project.

Unsecured loans from the Holding Company

The inter-corporate deposits from the holding is repayable after four years. The rate of interest on these deposits is 10% per annum.

Foreign currency term loans from banks includes the following:

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INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014
(Unless otherwise stated, all amounts are in Indian Rupees)

	<u>As at</u> <u>31 March 2014</u>	<u>As at</u> <u>31 March 2013</u>
6: Other long term liabilities		
Income received in advance	244,625,866	132,078,900
	<u>244,625,866</u>	<u>132,078,900</u>
7: Long term provisions		
Provision for employee benefits		
- for compensated absences	597,612	397,616
- for gratuity	448,791	715,817
	<u>1,046,403</u>	<u>1,113,433</u>
8: Short term borrowings		
Unsecured loans from related party		
Inox Wind Limited	589,592,000	1,010,600,000
	<u>589,592,000</u>	<u>1,010,600,000</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.		
9: Trade payables		
Due to:		
Micro, small and medium enterprises (refer note 31)	-	-
Others	392,227,691	245,176,422
	<u>392,227,691</u>	<u>245,176,422</u>
10: Other current liabilities		
Current maturities of long term borrowings (refer note 5)	752,145,869	601,447,993
Interest accrued but due on borrowings	214,832,603	120,403,775
Interest accrued but not due on borrowings	68,721,721	26,206,334
Advance from customers	14,560,000	14,560,000
Income received in advance	14,488,216	14,475,334
Creditors for capital expenditure	1,250,713,191	328,524,840
Other liabilities	89,176,135	66,232,873
Derivative financial liabilities	62,205,134	-
Book overdraft	-	8,387,994
Statutory dues	6,621,372	29,310,679
	<u>2,473,464,242</u>	<u>1,209,549,822</u>
11: Short term provisions		
Provision for employee benefits		
- for compensated absence	962,625	721,639
- for gratuity	175,850	442,045
	<u>1,138,475</u>	<u>1,163,684</u>

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

(Unless otherwise stated, all amounts are in Indian Rupees)

12: Fixed assets

Particulars	Gross carrying amount					Accumulated depreciation				Net carrying amount	
	As at 1 April 2013	Additions during the year	Other adjustments		As at 31 March 2014	As at 1 April 2013	Provided during the year		As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
			On account of exchange rate fluctuation	On account of borrowing costs			On revaluation	Other			
Tangible assets											
Freehold land	15,005,038	1,000,000	-	-	16,005,038	-	-	-	-	16,005,038	15,005,038
Leasehold land	20,039,755	-	-	-	20,039,755	861,413	455,665	599,047	1,916,125	18,123,630	19,178,342
Plant and equipment	9,715,510,641	608,809,699	547,455,702	19,792,431	10,891,568,473	372,083,146	219,824,477	293,258,447	885,166,070	10,006,402,403	9,343,427,495
Furniture and fixtures	3,649,445	-	-	-	3,649,445	294,817	28,692	194,399	517,908	3,131,537	3,354,628
Vehicles	234,198	-	-	-	234,198	18,853	17,492	4,757	41,102	193,096	215,345
Office equipment	2,079,823	123,444	-	-	2,203,267	337,452	97,894	175,496	610,842	1,592,424	1,742,370
Sub-total (a)	9,756,518,900	609,933,143	547,455,702	19,792,431	10,933,700,175	373,595,681	220,424,220	294,232,146	888,252,047	10,045,448,128	9,382,923,218
Intangible assets											
Computer software	76,261	-	-	-	76,261	25,638	-	12,362	38,000	38,261	50,623
Sub-total (b)	76,261	-	-	-	76,261	25,638	-	12,362	38,000	38,261	50,623
Total (a + b)	9,756,595,161	609,933,143	547,455,702	19,792,431	10,933,776,436	373,621,319	220,424,220	294,244,508	888,290,047	10,045,486,389	9,382,973,841
Previous year	4,388,252,796	4,918,079,659	343,149,481	107,113,225	9,756,595,161	1,562,651	220,424,220	151,634,447	373,621,319	9,382,973,841	4,386,690,145

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014
(Unless otherwise stated, all amounts are in Indian Rupees)

	<u>As at</u> <u>31 March 2014</u>	<u>As at</u> <u>31 March 2013</u>
13: Deferred tax assets (net)		
Deferred tax asset arising on account of:		
Unabsorbed losses	64,895,491	432,296,966
Gratuity	212,315	375,668
Compensated absences	530,325	363,142
Deferred tax liability arising on account of:		
Depreciation	-	(338,484,375)
	<u>65,638,131</u>	<u>94,551,402</u>
14: Non current investment		
(Long term, trade, at cost and unquoted)		
In equity shares:		
Trade investment (unquoted) at cost		
- In subsidiary - Inox Renewables (Jaisalmer) Limited	1,060,500,000	1,060,500,000
(106,050,000 equity shares (previous year 106,050,000) of Rs. 10 each)		
	<u>1,060,500,000</u>	<u>1,060,500,000</u>
a) Aggregate amount of unquoted investment at cost Rs. 1,060,500,000 (previous year Rs. 1,060,500,000).		
15: Long term loans and advances		
(Unsecured, considered good, unless otherwise stated)		
Capital advances	17,447,924	39,758,686
Security deposits	85,000	60,000
MAT credit entitlement	44,099,798	13,558,892
	<u>61,632,722</u>	<u>53,377,578</u>
16. Other non current assets		
Fixed deposit	10,000	50,000,000
	<u>10,000</u>	<u>50,000,000</u>
17. Trade receivables		
(unsecured, considered good)		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	49,266,908	124,235,709
Unsecured, considered doubtful	106,027	106,027
	<u>49,372,935</u>	<u>124,341,736</u>
Less: Provision for doubtful debts	(106,027)	(106,027)
	<u>49,266,908</u>	<u>124,235,709</u>
Others		
Unsecured, considered good	281,783,993	392,030,508
	<u>331,050,901</u>	<u>516,266,217</u>

INOX RENEWABLES LIMITED**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014
(Unless otherwise stated, all amounts are in Indian Rupees)**

	<u>As at</u> <u>31 March 2014</u>	<u>As at</u> <u>31 March 2013</u>
18: Cash and bank balances		
Cash and cash equivalents		
Cash in hand	8,356	43,554
Balance with banks		
- In current accounts	12,359,087	4,741,492
Other bank balances		
- Fixed deposit with more than three months but less than twelve months maturity period	175,000,000	15,000,000
	<u>187,367,443</u>	<u>19,785,046</u>
19: Short term loans and advances		
a) Loans and advances to related parties (unsecured, considered good, unless otherwise stated)		
Inter corporate deposit		
- Inox Renewables (Jaisalmer) Limited	49,000,000	53,800,000
b) Advances recoverable in cash or in kind or for value to be received	21,572,398	13,648,821
c) Other loan and advances		
Security deposits	163,869,000	164,169,000
Advance tax (net of provision for tax Rs. 440,99,798 (previous year Rs. 13,558,892))	59,483,959	67,244,608
	<u>293,925,358</u>	<u>298,862,429</u>
20: Other current assets		
Insurance claim	-	11,629,009
Interest accrued but not due		
- on fixed deposits	8,318,031	1,451,929
- on investment	4,509,663	657,592
	<u>12,827,694</u>	<u>13,738,530</u>

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INOX RENEWABLES LIMITED**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014****(Unless otherwise stated, all amounts are in Indian Rupees)**

	Year ended 31 March 2014	Year ended 31 March 2014
21: Revenue from operations		
Revenue from power generation	1,143,024,797	725,713,712
Revenue from erection and commissioning services	-	591,047,229
Revenue from operation and maintenance services	-	4,233,871
Other operating revenue	14,488,217	1,673,813
	1,157,513,014	1,322,668,625
Details of sale of product		
Sale of wind energy	1,051,416,769	710,526,349
Income from green benefit incentive	77,168,147	-
Income from sale of renewable energy certificate	14,439,881	15,187,363
Details of sale of services		
Operation and maintenance charges	-	4,233,871
Erection, procurement and commissioning charges	-	591,047,229
Sharing of common infrastructure charges	14,488,217	1,673,813
	1,157,513,014	1,322,668,625
22: Other income		
Profit on sale of capital work-in-progress	-	449,367
Interest on fixed deposits	9,815,725	2,840,790
Profit on redemption of mutual fund units	1,120,000	-
Interest on income tax refund	282,144	-
Other interest income	4,269,301	2,036,595
Provision written back	533,221	-
Miscellaneous income	215,114	60,000
Gain on settlement of derivative	3,758,908	-
	19,994,413	5,386,752
23: Erection, commissioning, operation and maintenance expenses		
Erection and commissioning cost	-	568,731,440
Operations and maintenance expenses	69,173,498	73,935,948
	69,173,498	642,667,388
24: Employee benefits expense		
Salary and wages	19,643,149	25,743,881
Contribution to gratuity	-	882,659
Contribution to provident and other funds	1,206,494	2,511,863
	20,849,643	29,138,403
25: Finance costs		
Interest on:		
Term loan from banks	511,663,098	263,021,509
Other loans	177,008,987	133,936,480
Interest on delayed payment of UI charges	4,371,287	4,371,287
	693,043,372	401,329,276
Less: Transferred to capital work in progress	(98,962,155)	-
Less: Transferred to fixed assets	(19,792,431)	(107,113,225)
	574,288,786	294,216,051

INOX RENEWABLES LIMITED**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014****(Unless otherwise stated, all amounts are in Indian Rupees)****26: Other expenses**

Legal and professional	12,320,072	31,945,863
Rates and taxes	2,505,551	4,335,759
Repairs and maintenance on plant and machinery	1,391,177	4,574,858
Payment to auditors (refer note 28)	861,520	674,160
Rent	2,277,439	2,195,018
Travelling and conveyance	6,470,869	6,802,686
Communication expenses	640,373	460,015
Insurance	7,511,483	8,853,137
Security expenses	1,706,700	1,672,559
Advance written off	1,475,984	-
Mark to market loss on derivative contracts	34,648,634	-
Miscellaneous expenses	1,434,236	3,366,720
	73,244,038	64,880,775

27: Basic and diluted earning per share

Net profit attributable to equity shareholders	116,793,684	240,069,716
Number of fully paid equity shares at the end of the year	3,050,000	3,050,000
Weighted average number of equity shares outstanding during the year	3,050,000	3,050,000
Nominal value of equity share (Rs.)	10	10
Basic and diluted earnings per equity share (Rs.)	38.29	78.71

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INOX RENEWABLES LIMITED**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014****(Unless otherwise stated, all amounts are in Indian Rupees)****28. Particulars of payment to auditors :-**

Particulars	31 March 2014	31 March 2013
Statutory audit	300,000	500,000
Other services	300,000	-
Service tax	74,160	61,800
Total	674,160	561,800

29. Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances as at 31 March 2014 amounts to Rs.1,326,100,000 (previous year Rs. 97,004,405).

30. Contingent liabilities

Particulars	31 March 2014	31 March 2013
Corporate guarantee in favour of International Finance Corporation (IFC) for loan taken by Inox Renewables (Jaisalmer) Limited (Subsidiary)	2,482,812,000	2,719,465,000
Liability in respect of losses suffered by Rajasthan RajyaVidyutPrasaran Nigam Limited due to under injections of energy by the Company	87,000,000	87,000,000

31. Based on the information available with the Company, there are no dues outstanding in respect of Micro, Small and Medium enterprises 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 Company.

32. Employee benefits:

a) **Defined benefit plans:** The amounts recognised 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 2014	31 March 2013
a)	Current service cost	343,905	418,176
b)	Interest cost	92,629	22,016
c)	Actuarial (gain)/loss recognised during the year	(969,755)	442,467
d)	Expense recognised in the Statement of Profit and Loss	(533,221)	882,659

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

(Unless otherwise stated, all amounts are in Indian Rupees)

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

S.No	Description	31 March 2014	31 March 2013
a)	Present value of defined benefit obligation as the beginning of the year	1,157,862	275,203
b)	Current service cost	343,905	418,716
c)	Interest cost	92,629	22,016
d)	Actuarial (gain)/loss recognised during the year	(969,755)	442,467
e)	Contributions paid	-	-
f)	Present value of defined benefit obligation as at the end of the year	624,641	1,157,862

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

S.No.	Description	31 March 2014	31 March 2013
a)	Discount rate	9.19%	8.00%
b)	Rate of increase in compensation level	8.00%	8.00%

B. Compensated absences

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

S.No.	Description	31 March 2014	31 March 2013
a)	Current service cost	588,713	658,088
b)	Interest cost	52,487	15,355
c)	Actuarial (gain)/loss recognised during the year	(164,899)	141,717
d)	Expense recognised in the statement of profit and loss	280,348	815,160

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

S.No.	Description	31 March 2014	31 March 2013
a)	Present value of defined benefit obligation as at the beginning of the year	1,119,255	465,332
b)	Current service cost	588,713	658,088
c)	Interest cost	52,487	15,355
d)	Actuarial loss recognised during the year	(164,899)	141,717
e)	Contributions paid	(35,319)	(161,237)
f)	Present value of defined benefit obligation as at the end of the year	1,560,237	1,119,255

INOX RENEWABLES LIMITED
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014
(Unless otherwise stated, all amounts are in Indian Rupees)

prior years								
Net profit after tax before extraordinary items							116,793,682	240,069,718
Extraordinary items (net of tax)							-	-
Net profit after tax							116,793,682	240,069,718
Other information								
Segment assets	-	116,727,197	9,887,624,696	9,311,328,504	466,784,299	597,068,967	10,354,408,995	10,025,124,668
Unallocable corporate assets							4,626,223,404	2,398,287,773
Total assets							14,980,632,399	12,423,412,441
Segment liabilities	-	-	8,832,727,861	5,885,480,281	-	-	8,832,727,861	5,885,480,281
Unallocable corporate liabilities							2,045,569,115	2,304,409,699
Total liabilities							10,878,296,976	8,189,889,980
Capital expenditure							1,555,308,238	911,964,412
Depreciation included in segment expenses							292,735,381	150,044,321

34. Related party disclosure:

Information required to be disclosed under the Accounting Standard 18 on 'Related Party Disclosures' notified under the Companies Act, 1956 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 Renewables (Jaisalmer) Limited- Subsidiary
Inox Wind Limited – Fellow Subsidiary
Inox Wind Infrastructure Services Limited– Fellow Subsidiary

(iii) Key management personnel

Devansh Jain

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

(Unless otherwise stated, all amounts are in Indian Rupees)

Vivek Kumar Jain
Pavan Kumar Jain

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

Particulars	Holding Company	Subsidiary	Fellow subsidiary	
	Gujarat Fluorochemicals	Inox Renewables (Jaisalmer) Limited	Inox Wind Limited	Inox Wind Infrastructure Limited
A) Transactions during the year				
Investment in shares	-	-	-	-
		(1,060,500,000)	-	-
Unsecured loan received	-	223,700,000	1,511,092,000	-
	(1,060,000,000)	-	(1,010,600,000)	-
Unsecured loan given	-	209,000,000	-	-
		(53,800,000)	-	(33,200,000)
Unsecured loan repaid	-	223,700,000	1,932,100,000	-
	-	-	-	(33,200,000)
Unsecured loan given/adjusted		213,800,000	-	-
Interest expenses on unsecured loan	106,000,000	1,127,398	69,753,742	-
	(88,783,562)	-	(44,998,411)	-
Interest income on unsecured loan	-	4,265,282	-	-
	-	(730,658)	-	(1,301,945)
Operation and maintenance charges	-	-	-	4,028,399
	(4,233,871)	-	-	-
Erection, commissioning and shares services cost received/(given)	-	-	-	151,523,005
		(512,132,339)	(121,500,000)	-
Expenses incurred on our behalf	1,867,289	-	134,062	3,656,952

INOX RENEWABLES LIMITED
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014
(Unless otherwise stated, all amounts are in Indian Rupees)

Particulars	Holding Company	Subsidiary	Fellow subsidiary	
	Gujarat Fluorochemicals	Inox Renewables (Jaisalmer) Limited	Inox Wind Limited	Inox Wind Infrastructure Limited
	(24,640,701)	-	(48,358,835)	(4,723,451)
Expenses to be reimbursed	-	49,098,882	-	6,397,460
	(3,448,040)	-	(7,436,901)	(30,547,326)
Sale of items in capital work-in-progress	-	-	-	-
	-	-	(28,000,000)	(27,363,588)
Purchase of assets	-	-	2,122,999,909	-
	-	-	(813,337,196)	(310,719,427)
B) Balances at the year end				
Unsecured loan payable	1,060,000,000	-	589,592,000	-
	(1,060,000,000)		(1,010,600,000)	-
Unsecured loan receivable	-	49,000,000	-	-
		(53,800,000)		-
Interest payable	175,305,206	1,014,657	38,512,740	-
	(88,783,562)	-	(44,998,411)	-
Interest receivable	-	4,509,663	-	-
		(657,592)		-
Advances recoverable	-	2,118,302	-	-
		(3,328,875)		-
Other current liabilities	17,836,892	-	1,175,872,094	372,429,121
	(25,530,747)	-	(243,371,686)	(214,137,209)

Note: Figures in bracket represent previous year figures.

INOX RENEWABLES LIMITED**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014****(Unless otherwise stated, all amounts are in Indian Rupees)**

35. The 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 Rs. 2,277,439 (previous year Rs. 2,195,018) 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 Company as at 31 March 2014 (previous year nil):

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 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 2014		31 March 2013	
		USD	INR	USD	INR
(a)	ECB loan	62,115,789	3,733,146,496	-	-
(b)	Interest payable	552,146	33,025,143	-	-

The loan as on 31 March 2014 has been restated @ Rs.60.10 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 2014		31 March 2013	
		USD	INR	USD	INR
(a)	ECB loan	21,176,471	1,272,701,672	94,350,464	5,131,655,713
(b)	Interest payable	31,866	1,915,161	481,829	26,206,335

The loan as on 31 March 2014 has been restated @ Rs.60.10 per USD.

37. Expenditure in foreign currency (on accrual basis)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Interest expense	389,014,064	260,514,088

INOX RENEWABLES LIMITED

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

(Unless otherwise stated, all amounts are in Indian Rupees)

38. The Company has an outstanding balance recoverable for electricity delivered from the 12MW wind farm at Village Sadiya, Jaisalmer for the period from April, 2008 to December, 2008 for Rs.48,230,844. On 27 August 2008, vide its Order, Central Electricity Regulatory Commission (CERC) directed the electricity distribution company to release the said amounts to the Company.

Accordingly, based on the above developments, the management strongly believes that this amount is good for recovery and is expected to be realized in the near future.

39. 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 Rs.4,187,812,626 was credited to the revaluation reserve with corresponding addition to gross block of respective fixed assets. During the year the depreciation on the revalued assets has been adjusted against the revaluation reserve.

40. The Company has entered into power purchase agreements with the distribution companies for 19 years for sale of power generation and will have certain revenues and sufficient taxable profit after the tax holiday period against which the deferred tax assets shall be adjusted. Provision of deferred tax asset in compliance of the notified Accounting Standard 22 on 'Accounting for Taxes on Income' has been made as the Company has unabsorbed depreciation which can be carried forward infinitely.

41. Previous year figures have been regrouped/ rearranged wherever considered necessary to make them comparable with those of the current year.

For and on behalf of the Board of Directors

Director

Director

Head- Accounts and Taxation

For **Walker Chandiook & Co LLP**

(formerly Walker, Chandiook & Co)

Chartered Accountants

per **Neeraj Sharma**

Partner

Place: Noida

Date: