

ANNUAL REPORT

2013-2014

CONTENTS

	Pag. No.
Corporate Information	1
Notice to the Shareholders	2
Directors' Report	4
Auditors' Report	10
Balance Sheet	14
Profit & Loss Account	15
Annual Report of subsidiaries	29

INKEL Limited ▶▶

CHAIRMAN

Shri P K Kunhalikuttu

Hon'ble Minister for Industries & IT, Govt of Kerala

DIRECTORS

Shri P.H.Kurian IAS

Principal Secretary (Industries & IT)

Shri Tom Jose IAS

Principal Secretary (Labour)

Dr. P Mohamed Ali

Chairman Mfar Group

Shri Varghese Kurian

Managing Director ALNAMAL Group

Shri C K Menon

Chairman & MD Behzad Group

Shri Siddeek Ahmed Haji Panamtharayil

Chairman & MD ITL Eram Group

Shri C V Rappai

Director & GM Video Home & Electronic Centre

Shri Mohamed Althaf

Regional Director Lulu Group

Shri M M Abdul Basheer

Managing Director Indo German Carbon Ltd.

Alternate Director to Shri P Mohamed Ali

MANAGING DIRECTOR

Shri T Balakrishnan IAS(Retd)

COMPANY SECRETARY

Shri K Padmadasan

STATUTORY AUDITORS

M/s. Varma & Varma Chartered Accountants

BANKERS

State Bank of India, State Bank of Travancore

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Seventh Annual General Meeting of the shareholders of INKEL Limited will be held at 10.00AM on Friday the 29th day of August 2014 at Grand Hotel, Jos Junction, M.G. Road, Cochin to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March 2014 including the audited Balance Sheet as at 31st March 2014 and statement of Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To Re-appoint Shri C V Rappai (DIN-02011057), who retires by rotation and being eligible offers himself for re-appointment.
4. To Re- appoint Shri Siddeek Ahmed Haji Panamtharayil (DIN-02067488) who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and in this regard to consider and if thought fit to pass with or without modification (s), the following resolution as **Special Resolution**:

RESOLVED THAT pursuant to the recommendations of the Audit Committee and the Board of Directors, M/s. Varma & Varma, Chartered Accountants, the retiring auditors be and is hereby re-appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of next Annual General Meeting at a remuneration to be decided by the Audit Committee/Board or the Managing Director as may be approved by the Audit Committee/Board.

By Order of the Board

Sd

21.07.2014

Cochin

K Padmadasan

Company Secretary

NOTES :

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy form should be lodged with the company at least 48 hours before the scheduled commencement of the meeting.
3. The dividend, if declared, will be payable within 30 days from the date of declaration to those members whose names appear on the Register of Members of the company as on 29th August 2014.
4. **Members are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, account number, type of account and IFS Code, along with the L.F. No. and name before 29.08.2014 to the company.**

5. Members may note that dividends not encashed or claimed within seven years and 30 days from the date of declaration of the dividend, will, as per Section 205A(5) read with Section 205C of the Companies Act 1956, be transferred to the Investor Education and Protection Fund of Government of India. A few members have not encashed their dividend pertaining to the dividend declared for the financial year ended 31st March 2010. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the company. It may be noted that once the amounts in the unpaid dividend account are transferred to the IEPF, no claim shall lie against the IEPF or the Company in respect thereof and the Members would lose their right to claim such dividend.

Explanatory statement pursuant to Section 173(2) of the Companies Act 1956

As per Section 224A of the Companies Act, 1956 appointment of Auditors of a Company where not less than 25% of the subscribed Capital is held by the State or Centralised Government or a combination of Government or Government Companies requires approval of the members through a Special Resolution. Since INKEL Limited comes within the purview of Section 224A of the companies Act 1956, the appointment needs to be done through a Special Resolution. None of the Directors of the company is concerned or interested in the proposed resolution.

Directors' Report

Your Directors present the Seventh Annual Report of the company, for the Financial Year 1st April 2013 to 31st March 2014.

FINANCIAL PERFORMANCE

The Year under report witnessed a pronounced shift in the income pattern since the operational income registered significant gains over that of the previous year. This shift is a natural outcome, as the developmental efforts are registering gains.

	2013-14 (Rs. In lacs)	2012-13 (Rs. In lacs)
Total Income	1593.63	925.40
Total expenditure	804.54	361.80
Profit before Depreciation & Tax	789.09	563.60
Less : Depreciation	221.25	70.56
Profit before Tax	567.84	493.04
Less : Tax	184.69	159.97
Profit for the year	383.15	333.07

DIVIDEND

A dividend of 5 per cent was disbursed for the Financial Year 2009-10 but due to insufficiency of profits, similar disbursement could not be done in the subsequent years. Your Directors are committed to rewarding the investors who have invested their hard earned savings with the Company. With the expectation of a still better time, your directors are happy to recommend for approval of the members a dividend of Rs.200/- per share for the year, on the equity capital of 163027 equity shares of Rs.10,000/- each.

OPERATIONS

Inkel Tower 1 : Space leased so far at INKEL Tower 1 is roughly Sixty Thousand of the available space. During the current financial year, we are presently finalising 1.25 lac square

feet of size for skill development centres, to be run by prominent firms of private sector, with infrastructural support by the Government. With this, we expect, Tower 1 to be fully occupied during the current financial year.

Edu City : Development activities at Malappuram is in full swing with the net work of campus roads over 4 kms in length having been laid, with black topping remaining to be done. Laying roads offered great challenge, since for the entire 178 acres in our possession jointly with the subsidiary, INKEL-KSIDC, as the place had only nominal infrastructural support when we took over. So far, a total of 25 acres have been leased to different entrepreneurs for setting up industries and for educational institutions forming part of the Edu City. The five factory sheds built by the company are all in operation.

CFS : Container Freight Station at Vallarpadam has become operational since February this year and has started earning revenue. The revenue generation is yet to achieve the expected initial targets but the business is picking up. Operations and Management of the CFS is done by APM Terminals India Private Limited.

Skill Development Centre : Our Skill Development vertical is doing well. Against a projected intake of 120 students last year, the actual intake was 135. Fresh intake this year is expected to cross 150. The Centre is run by NTTF and offers job guaranteed programmes in Electronics and Mechatronics. The vertical is a net contributor to our revenue.

Treasuries : The treasury modernisation project which were spread over the last two years, at a project cost of Rs.16 Crores has been completed, barring finishing touches to treasury buildings at two or three places.

INKEL Limited

Asset Creation : The Company has purchased 5.27 acres of Land at Piravom, Ernakulam District. This is the first purchase of any freehold land by the Company since all the other land parcels are subleased to the Company from the Joint Venture Company or held by the Joint Venture Companies on lease from KSIDC. It is proposed to go for a villa project at this land.

ON GOING PROJECTS.

Commercial cum Apartment Complex

Two Projects, at Kazhakkootam & Kariyam, both at Thiruvananthapuram, jointly with the VKL Group are under implementation. Your Company owns 45% of the equity capital of the SPV which is implementing the project. The total projected investment by the company in the project is Rs.32 Crores, both as equity and convertible debentures.

In the Kazhakkootam Project, the components consist of 93 hotel rooms, and 42 apartments. The Project with an estimated cost of Rs.83 Crores is expected to be complete by December 2015. In the Kariyam Project, it has 122 apartments and commercial space. The Project is expected to be complete by November 2015.

UPCOMING PROJECTS

Vellayil

The long awaited Vellayil project is materializing. An extent of 2.42 acres of land is under transfer to the INKEL – KINFRA SPV. In the first Phase, it is proposed to set up a Commercial Complex of 145,000 Sq Ft in 1 acre of land including car parking in the basement. It is proposed to have both retail and office space at the Complex wherein shop space of various size will be given to investors on long lease as well as on monthly rent. The estimated project cost is 33.45 Crores, including land cost of Rs. 3.52 crore/ acre. The period of completion is 18-24 months.

Thampanoor

This project will be implemented by a joint venture company of INKEL and KSIE wherein INKEL would hold 74% of the equity and the rest by KSIE. This JV would get possession of 1.37 acres of land at Thampanoor, Thiruvananthapuram, on 90 year lease. The site is adjacent to the Railway station and bus stand. It is proposed to construct a building of around 2 lac square feet for retail and office space. The estimated project cost is Rs.42 Crores and the period of completion is 18-24 months.

INKEL Tower II

It is proposed to construct a Commercial Building adjacent to Tower I at Angamali. The proposed building is planned as G+ 4 structure with a height of 17.7 m. The total built up area proposed to be constructed is 18571.7 sq m. In each floor, modules of approximately 680 sq m to 880 sq m are planned. Thus there shall be 20 standard modules in all, which can be allocated based on requirement of clients and as multiple units. The facility is planned for Non-hazardous and non-polluting units that fall under green category as per norms. The space within building shall be subleased to prospective units.

Convention Centre, Malappuram

A Convention Centre is proposed in the Hospitality Zone of the Edu-City campus which shall cater to the existing need and shall generate more demand. The Convention Centre will have about 40,000 Sqft of built up area and can accommodate 1500 persons at a time. The facility will have a medium exhibition hall which can accommodate 250 to 300 people and two mini conference halls also. The Project has been submitted to the Government for grant as a tourism development project. Depending on this, the project will be taken forward. The capital cost for the proposed facility is Rs.21 Crores and the completion time will be 12/18 months.

PROPOSED PROJECTS

Petcoke Project

Government of Kerala proposes to establish a Pet coke based Power Plant at Cochin. INKEL has been given the permission for implementation of the project under Swiss Challenge and Case II bidding route. Work for submission of the initial offer has been completed and the scheme will evolve once the case II bidding is announced. This is a mega project and the modalities of implementation, if awarded to INKEL, need to be finalised.

OTHERS

PURA projects

Eventhough the PURA Projects were officially launched in February 2012, actual implementation could not commence so far, waiting for different sanctions. We have advised the Government of India and Government of Kerala our disinclination to continue with the project due to delays for no fault of ours and we have asked for reimbursement of the amounts spent by us so far.

AUDIT REPORT

During the year 2012-13 and 2013-14, the Company had done project management consultancy for the joint venture company, MIV Logistics Private Limited, on a fee of 5% of the executed cost and had earned Rs.1.09 Crore as fee. The Company had also stood guarantee for a loan availed by MIV logistics on a guarantee fee of 1%, earning Rs.35 Lakhs during the year. The Auditors in their audit report has pointed out that necessary approvals of the Central Government have not been taken as required under the Companies Act.

MIV Logistics Private Limited is a company promoted, incubated and managed by INKEL. To that extent, the role played by INKEL in MIV is total. However, being a Private Limited Company which was maintained as such for speedy decision making, the boundaries of

financial management overstepped in good faith. Both the MIV and INKEL have only benefitted out of the services rendered by INKEL.

Both the transactions are arms length transactions and had been done in the normal course of business. Mr. T Balakrishnan, Managing Director, had been a Director of MIV as well. He has now resigned from the Board of MIV.

Despite having strong arguments in our favour, as a measure of abundant caution, we have applied to the Company Law Board for compounding .

BOARD OF DIRECTORS

Shri P H Kurian IAS Principal Secretary (Industries & IT), nominee of Govt of Kerala, was appointed as a Director with effect from 22.11.2013 in place of Mr. Somasundaran IAS former Additional Chief Secretary.

As per the Articles of Association of the company Shri C V Rappai and Shri Siddeek Ahmed Haji Panamtharayil are liable to retire at the ensuing Annual General Meeting and being eligible, they have offered themselves for reappointment.

All the Directors have confirmed that they are not disqualified from being appointed as Directors in terms of Section 184(1) of the Companies Act 2013.

CORPORATE GOVERNANCE

A report on the Corporate Governance is set in the Annexure forming part of this report.

AUDITORS

M/s. Varma & Varma Statutory Auditors hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Their appointment, if made, will be in accordance within the limits specified in the Act.

INKEL Limited

PARTICULARS OF EMPLOYEES

There are no employees in the company whose particulars are to be stated as provided in Section 217(2A) of the Companies Act 1956.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in Annexure II to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act 1956, Board of Directors confirm that :

1. applicable accounting standards had been followed along with proper explanation relating to material departures in the preparation of the annual accounts;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state

of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors express their sincere thanks for the support and guidance received from the Central and State Government authorities, Regulatory bodies, Banks, Financial Institutions and stakeholders of the company.

For and on behalf of the Board of Directors

Sd

P.H. Kurian IAS
Director

Sd

T Balakrishnan
Managing Director

Place: Cochin

Date: 19.07.2014

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Corporate Governance

The Company's philosophy of Corporate Governance is oriented towards achieving efficient conduct of its business, meeting its obligations to stakeholders with transparency, accountability and integrity as the pillars.

2. Board of Directors

(i) Composition and size of the Board:

The present strength of Board of Directors is 10. The details of the directors as at March 31, 2014 is given below:

Name of Director	Type of Directorship
Shri P.K. Kunhalikutty	Chairman , GoK nominee
Shri T Balakrishnan	Managing Director, GoK nominee
Shri P.H.Kurian IAS	Non Executive Director, GoK Nominee
Shri Tom Jose IAS	Non Executive Director,
Dr. P. Mohamed Ali	Non Executive Director
Shri C.K.Menon	Non Executive Director
Shri Varghese Kurian	Non Executive Director
Shri C.V.Rappai	Non Executive Director
Shri Siddeek Ahmed Haji Panatharayil	Non Executive Director
Shri Mohamed Althaf	Non Executive Director
Shri M M Abdul Basheer	Alternate Director to Dr P Mohamed Ali

(i) Board, General Meetings & Attendance

The details of attendance of the directors at the Board and Annual General Meeting are given as below:

Name of Director	No. of Meetings held during the period the Director was on the Board	No. of Meetings attended	Presence at the last AGM
Shri P.K. Kunhalikutty	4	2	-
Shri T Balakrishnan	4	4	YES
Shri P.H.Kurian IAS	2	1	NA
Shri Tom Jose IAS	4	3	-
Dr. P. Mohamed Ali	4	-	-
Shri C.K.Menon	4	-	-
Shri Varghese Kurian	4	3	-
Shri C.V.Rappai	4	3	-
Shri Siddeek Ahmed Haji Panatharayil	4	-	-
Shri Mohamed Althaf	4	4	YES
Shri M M Abdul Basheer	4	4	-

No sitting fees were paid to any Directors of the company.

INKEL Limited

(iii) Audit Committee

The company has an adequately qualified Audit Committee. The Committee consists of 4 Directors as members with the Managing Director, Statutory Auditors and Internal Auditors as permanent invitees. The Committee reviews the organisation's financial reporting process, disclosure of financial information, annual financial statements and adequacy of internal control systems. The Committee met 4 times during the period under review.

3. Shareholding pattern as at 31.03.2014

Name of shareholders	No. of shares held	Percentage
Govt. of Kerala	40500	24.84
Govt. Companies	12000	7.36
Directors / Relatives of Directors	67217	41.23
Foreign Holdings	22000	13.49
Banks & Corporate Holdings	8700	5.34
Others	12610	7.73
TOTAL	163027	100.00

4. Internal Audit And Compliance

The Company conducts its internal audit and compliance functions within the parameters of regulatory framework. The internal audit function is being carried out by an external firm of chartered accountants and their quarterly reports are reviewed on quarterly basis by the Audit committee, which issues appropriate recommendations and directions as may be necessary.

The Audit Committee reviews the performance of the audit and compliance functions, the effectiveness of controls and compliance with regulatory guidelines and gives such directions to the Management as necessary/considered appropriate.

ANNEXURE-II

Statement pursuant to section 217(1)(e) of the Companies act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

The operations of the Company involve low energy consumption. Adequate measures have however been taken to conserve energy.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company uses the latest technologies for improving the productivity of its human resources and quality of its services.

RESEARCH & DEVELOPMENT

Specific areas in which R&D was carried out by the Company.

The Company is into development and implementation of Infrastructure Projects. These projects are still to attain commercial implementation. Over the years, the Company proposes to derive benefit out of this exposure and identify potential areas where research is necessary.

BENEFITS DERIVED

As of now, nil.

FUTURE PLAN OF ACTION

The Company will develop collaborative solutions, including identifying areas where cost reduction and higher productivity could be attained.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To
The Members of INKEL Limited,
Thrikkakara

Report on the Financial Statements

We have audited the accompanying financial statements of INKEL Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the 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

The management of the company 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 Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th 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.

Auditor's Responsibility

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.

An audit involves performing procedures to obtain audit evidence about the amounts and

disclosures in the financial statements. The procedures selected depend on the auditor's 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 the entity'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As stated in Note No 2.24 attached to the accounts, the company has provided certain services to a private limited company in which directors are interested and has also provided corporate guarantee to the said company involving amounts as stated therein, in respect of which necessary approvals of the Central Government have not been taken as required under Section 295 and Section 297 of the Companies Act, 1956. Steps are being taken for compounding the same.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the Basis for Qualified Opinion paragraph, 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:

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;

(b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal & Regulatory Requirements

1. 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 enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227 (3) of the Act, we report that:
 - a. we have obtained all the information and explanation 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 Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Place: Cochin

Date: 11-06-2014

ANNEXURE REFERRED TO IN PARAGRAPH I UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INKEL LIMITED FOR THE YEAR ENDED 31ST MARCH 2014

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) We are informed that the fixed assets have been physically verified by the management during the year, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets and that no material discrepancies have been noticed on such verification.
(c) The Company has not disposed off a substantial part of the fixed assets during the year.
2. (a) The inventory includes land and building. We are informed that the inventory have been physically verified by the management during the year.
(b) In our opinion and according to the explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification, by the management.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties requiring to be entered in the register in terms of Section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b) to (iii) (d) of the paragraph 4 of the Order are not applicable.
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties requiring to be entered in the register in terms of Section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f) to (iii) (g) of the paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory, being land and building, and fixed assets and for the sale of inventory. During the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the internal control systems.
5. As per the information and explanations given to us, the Company has not entered into any contracts or arrangements that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable.
6. The Company has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion, the Company has an internal audit system, the scope and coverage of which is commensurate with the size of the Company and the nature of its business.
8. As per the information and explanations given us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the The Companies Act, 1956.
9. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, except for minor delays in depositing Labour Welfare Cess, Works Contract Tax, Service Tax & Provident Fund, the Company has been generally regular in depositing undisputed statutory dues on account of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable to the Company with the appropriate authorities during the year. As per the information and explanations furnished to us by the management, there are no amounts to be deposited towards Investor Education and Protection Fund. There are no arrears of undisputed statutory dues outstanding for a period of more than six months from the date on which they became payable.
(b) According to the information and explanations given to us and the records of the Company examined by us, the following disputed amounts of building tax demanded have not been deposited with the authorities as at 31st March 2014:

Nature of Dues	Statue	Amount	Period to Which Amount Relates	Forum Where Dispute is Pending
Building Tax	The Kerala Building Tax Act, 1975	35,71,200/-	2013-2014	The District Collector, Ernakulam District

10. The Company does not have any accumulated losses as at the end of the financial year and the company has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, during the year the Company has not defaulted in repayment of dues to banks.
12. According to the information and explanation given to us, the Company has not given any loans or advances in the nature of loans on the basis of security by way of pledge of shares, debentures and other securities and hence reporting requirements under clause(xii) of para 4 of the Order is not applicable.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society and hence reporting requirements under clause (xiii) of para 4 of the Order is not applicable.
14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence reporting requirements under clause (xiv) of para 4 of the Order is not applicable.
15. According to the information and explanations given to us and as stated in Note No. 2.24 to the financial statements, the Company has given an irrevocable and unconditional corporate guarantee to a bank in respect of loans availed by the associate company, MIV Logistics (P) Limited amounting to Rs. 45,50,00,000/-. In our opinion, the terms and conditions on which such guarantees have been given are not prima facie prejudicial to the interests of the Company.
16. According to the information and explanations given to us and the records of the Company examined by us, the Company has not availed any term loan and hence reporting requirements under clause (xvi) of para 4 of the Order are not applicable.
17. According to the information and explanations given to us and the records of the Company examined by us, the funds raised on short-term basis have not been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies requiring to be entered in the Register pursuant to Section 301 of the Act and hence reporting requirements under clause (xviii) of para 4 of the Order are not applicable.
19. The Company has not issued any debentures during the year and accordingly the reporting requirements under clause (xix) of para of the Order are not applicable.
20. The Company has not raised any money by public issue during the year and accordingly the reporting requirements under clause (xx) of para 4 of the Order are not applicable to the Company.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Place: Kochi-16
Date: 11-06-2014

INKEL LIMITED Balance Sheet as at 31st March, 2014

	Note No.	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2.1	1,630,270,000	1,375,660,000
(b) Reserves and Surplus	2.2	174,037,543	170,979,588
(2) Non- Current Liabilities			
(a) Deferred Tax Liabilities (Net)	2.3	6,659,723	3,593,095
(b) Long- Term Provisions	2.4	2,697,203	1,750,351
(c) Other Long -Term Liabilities	2.5	-	5,793,052
(3) Current Liabilities			
(a) Trade Payables	2.6	17,059,719	1,160,294
(b) Other Current Liabilities	2.7	67,236,093	47,382,869
(c) Short Term Provisions	2.8	35,257,651	-
TOTAL		1,933,217,932	1,606,319,249
II. ASSETS			
(1) Non- Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.9	503,912,010	486,592,419
(ii) Intangible Assets	2.9	53,774	89,624
(iii) Capital Work-in - Progress	2.10	12,254,705	9,030,134
(b) Non- Current Investments	2.11	519,343,260	302,475,260
(c) Long- Term Loans and Advances	2.12	21,481,968	3,519,878
(2) Current Assets			
(a) Inventories	2.13	-	-
(b) Trade Receivables	2.14	12,173,830	4,205,121
(c) Cash and Cash Equivalents	2.15	565,043,728	551,432,985
(d) Short- Term Loans and Advances	2.16	278,304,103	236,487,097
(e) Other Current Assets	2.17	20,650,554	12,486,731
TOTAL		1,933,217,932	1,606,319,249
Significant Accounting Policies and Notes to Accounts	1 & 2		

For and on behalf of the Board of Directors

As per our Report of even date attached

T. Balakrishnan, Managing Director

For Varma & Varma
Chartered Accountants

P.H Kurian, IAS, Director

Vijay Narayan Govind (Partner)
Membership No. 203094
Firm No.004532S

K. Padmadasan, Company Secretary

Place: Cochin
Date: 11-06-2014

INKEL LIMITED Statement of profit and loss for the year ended 31st March, 2014

Particulars	Note No.	For the year ended 31.03.2014 Rupees	For the year ended 31.03.2013 Rupees
Income:			
I. Revenue from Operations	2.18	63,554,506	7,448,174
II. Other Income	2.19	95,808,700	85,091,999
III. Total Revenue (I +II)		159,363,206	92,540,173
Expenses:			
Cost of land acquired/building constructed and disposed (on Long Term Finance Lease Agreements)	2.20	21,690,146	-
Employee Benefit Expense	2.21	28,457,899	18,148,542
Depreciation and Amortisation	2.9	22,124,618	7,054,803
Other Expenses	2.22	30,305,635	18,031,193
IV.Total Expenses		102,578,298	43,234,538
V. Profit Before Tax(III- IV)		56,784,908	49,305,635
VI. Tax Expense:			
(1) Current Tax		15,402,674	12,218,699
(2) Deferred tax		3,066,628	3,778,653
VII. Profit for the period (V-VI)		38,315,606	33,308,283
VIII. Earning per Equity Share:	2.23		
(1) Basic		254.17	242.13
(2) Diluted		254.17	242.13
Significant Accounting Policies and Notes to Accounts 1 & 2			

For and on behalf of the Board of Directors

As per our Report of even date attached

T. Balakrishnan, Managing Director

For Varma & Varma
Chartered Accountants

P.H Kurian, IAS, Director

K. Padmadasan, Company Secretary

Vijay Narayan Govind (Partner)
Membership No. 203094
Firm No.004532S

Place: Cochin
Date: 11-06-2014

INKEL LIMITED

NOTES FORMING PART OF BALANCE SHEET AS ON 31.03.2014

NOTE - 2.1 SHARE CAPITAL

(In Rupees)

Particulars		As at 31-03-2014		As at 31-03-2013
	Number of Shares	Amount	Number of Shares	Amount
SHARE CAPITAL				
Authorised Equity Share Capital				
Equity Shares of Rs 10,000/-(Rs. 10,000/-) Each	2,00,000	2,000,000,000	2,00,000	2, 000,000,000
Issued, Subscribed and Paid up				
Equity Shares of Rs 10,000/-(Rs. 10,000/-) Each	163,027	1,630,270,000	137,566	1,375,660,000
	163,027	1,630,270,000	137,566	1,375,660,000

Terms/ Rights attached to Equity Shares

The company has only one class of shares referred to as equity shares with a face value of Rs. 10,000/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed/ declared by the Board of Directors is subject to approval/regularisation of the shareholders' in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

Reconciliation of shares at the beginning and at the end of the financial year

Particulars	No. of Shares	Amount (In Rs.)	No. of Shares	Amount (In Rs.)
Equity Shares				
As at the beginning of the financial year	137,566	1,375,660,000	137,566	1,375,660,000
Shares issued during the financial year	25,461	254,610,000	-	-
As at the end of the financial year	163,027	1,630,270,000	137,566	1,375,660,000
Particulars of Shareholders holding more than 5% share in the Company				
Govt. of Kerala - 24.84 % (Previous year 29.44 %)	40,500	405,000,000	40,500	405,000,000
Bismi Holdings Ltd - 6.75 % (Previous year 8 %)	11,000	110,000,000	11,000	110,000,000
Shri. Yusuffali M A - 15.13 % (Previous year 8 %)	24,666	246,660,000	11,000	110,000,000
Shri. Varghese Kurian - 6.75 % (Previous year 8 %)	11,000	110,000,000	11,000	110,000,000
Dr.Mohamed Ali - 6.44 % (Previous year 3.63 %)	10,500	105,000,000	5,000	50,000,000

INKEL Limited

NOTE - 2.2 RESERVES & SURPLUS

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Surplus		
Opening Balance	170,979,588	137,671,305
Net Profit after tax as per Statement of Profit and Loss	38,315,606	33,308,283
Closing Balance	209,295,194	170,979,588
Amount Available for Appropriation		
Less: Appropriations		
Proposed Dividend (Refer Note 2.2.1)	30,136,032	-
Tax on Proposed Dividend	5,121,619	-
	35,257,651	-
	174,037,543	170,979,588

2.2.1

The Board of Directors of the Company has proposed a dividend of Rs.200/- per share for the Financial Year 2013-14.

NOTE - 2.3 DEFERRED TAX LIABILITIES (NET)

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
A. Deferred Tax Liability		
On excess of net book value over Income tax written down value of fixed assets	6,968,126	3,617,348
B. Deferred Tax Assets		
On disallowances	308,403	24,253
	6,659,723	3,593,095

NOTE - 2.4 LONG TERM PROVISIONS

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Provision for Leave Encashment	1,992,020	1,750,351
Provision for Gratuity	705,183	-
	2,697,203	1,750,351

NOTE - 2.5 OTHER LONG TERM LIABILITIES

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Retention Money payable to Contractors	-	5,793,052
	-	5,793,052

NOTE - 2.6 TRADE PAYABLES

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Trade Payables	17,059,719	1,160,294
	17,059,719	1,160,294

NOTE - 2.7 OTHER CURRENT LIABILITIES

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Creditors For Capital Assets	1,517,049	33,358,738
Lease hold Premium received in Advance	40,299,601	953,412
Advance From Customers/Clients	12,534,664	3,890,000
Retention Money payable	7,131,210	6,616,832
Statutory Dues	4,409,607	1,057,219
Security Deposit	214,232	556,895
Others	1,111,230	931,273
Unclaimed Dividend	18,500	18,500
	67,236,093	47,382,869

NOTE - 2.8 SHORT TERM PROVISIONS

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Proposed Dividend	30,136,032	-
Tax on Proposed Dividend	5,121,619	-
	35,257,651	-

NOTE - 2.10 CAPITAL WORK IN PROGRESS

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Projects under implementation	12,254,705	9,030,134
	12,254,705	9,030,134

NOTE - 2.11 NON CURRENT INVESTMENTS

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
a) Investments in Equity Instruments (Un-quoted, Trade, at cost)		
i) In Subsidiary companies		
-INKEL- KINFRA Infrastructure Projects Ltd	740,000	740,000
74,000 (74,000) Equity Shares of Rs.10/-each, Fully Paid up		
-INKEL- KSIDC Projects Ltd	183,234,120	183,234,120
1,83,23,412 (1,83,23,412) Equity Shares of Rs.10/-each, Fully Paid up		
-Thalikkulam PURA Pvt Ltd	8,515,000	102,000
8,51,500 (10,200) Equity Shares of Rs.10/-each, Fully Paid up		
-Tirurangadi PURA Pvt Ltd	8,357,000	102,000
8,37,700 (10,200) Equity Shares of Rs.10/-each, Fully Paid up		
ii) In Associate companies		
-MIV Logistics Pvt Ltd	118,297,140	118,297,140
1,18,29,714 (1,18,29,714) Equity Shares of Rs.10/-each, Fully Paid up		
-KV Apartments Pvt Ltd	4,500,000	-
4,50,000 (Nil) Equity Shares of Rs.10/-each, Fully Paid up		
b) Investments in Optionally Convertible Debentures (Un-quoted, Trade, at cost)		
In Associate companies		
19,57,000/-(NIL)15% Optionally Convertible Debentures in KV Apartments Pvt Ltd	195,700,000	-
Total investments (a) + (b)	519,343,260	302,475,260
Aggregate amount of unquoted investments	519,343,260	302,475,260

NOTE - 2.12 LONG TERM LOANS AND ADVANCES

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Unsecured (Considered good)		
Security Deposits	1,511,110	1,062,100
Advance to Kerala State Industrial Enterprises Ltd towards proposed Joint Venture Infrastructure Project	12,100,000	-
Income Tax (Net)	7,495,858	2,457,778
Others	375,000	-
	21,481,968	3,519,878

NOTE - 2.13 INVENTORIES

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Land and Building held on long term finance lease		
Opening Balance	-	-
Add: Additions during the year	21,690,146	-
Less: Disposed during the year	21,690,146	-
Closing Balance	-	-
	-	-

NOTE - 2.14 TRADE RECEIVABLES

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Trade Receivables		
(Unsecured Considered good)		
-Outstanding for a period exceeding six months from the date they were due for payment	-	576,044
-Others	12,173,830	3,629,077
	12,173,830	4,205,121

NOTE - 2.15 CASH AND CASH EQUIVALENTS

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Cash on Hand	13,279	9,189
Balance with Banks		
In Current Accounts	24,199,733	1,337,510
In Fixed Deposit Accounts	540,830,716	550,086,286
	565,043,728	551,432,985

2.15.1 Earmarked Balances:

- Balance with banks in Current Accounts include earmarked balances for unpaid dividend Rs. 18,815 (Rs. 18,197).

2.15.2 Balance with banks in Deposit Accounts include Rs. 50,000 (Rs. 50,000) with a maturity period of more than 12 months.

NOTE - 2.16 SHORT TERM LOANS AND ADVANCES

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
(Unsecured, Considered good)		
Loans to related parties		
Thalikulam - PURA Private Ltd	2,297	7,886,175
Tirurangadi - PURA Private Ltd	2,594	7,735,638
INKEL- KSIDC Projects Ltd	259,318,354	177,889,971
INKEL - KINFRA Infrastructure Projects Ltd	14,314,207	14,093,292
Others:		
Advances recoverable in cash or in kind or for value to be received	-	6,011,202
Earnest Money Deposits	3,500,000	-
Balances with Central Excise, etc.	118,731	4,260,877
Advance to Suppliers/Contractors	1,024,920	18,083,729
Advance to employees	23,000	526,213
	278,304,103	236,487,097

NOTE - 2.17 OTHER CURRENT ASSETS

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Other Current Assets		
Interest Receivable	20,565,519	12,397,039
Prepaid expenses	85,035	89,692
	20,650,554	12,486,731

NOTE - 2.20

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Cost of land-acquired/ building constructed and disposed (on long term finance lease agreements)		
Cost of Land- INKEL Greens	2,072,899	-
Cost of Land- INKEL Tower 1	2,102,377	-
Cost of Building- INKEL Tower 1	17,514,870	-
	21,690,146	-

NOTE - 2.21

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
EMPLOYEE BENEFIT EXPENSES		
Salaries & Allowances	17,654,518	17,189,104
Remuneration to Managing Director (Refer Note 2.20.1)	10,100,000	-
Staff Welfare Expense	703,381	959,438
	28,457,899	18,148,542

2.21.1 Remuneration to Managing Director for the year is as approved by the shareholders in the general meeting held on 6th September 2013 and includes Rs 65,00,000 (Nil) relating to earlier periods as per such approval.

INKEL LIMITED

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS AS ON 31.03.2014

NOTE - 2.18

(In Rupees)

Particulars	As at 31-03- 2014	As at 31-03-2013
REVENUE FROM OPERATIONS		
Income from disposal of land and building (On Long Term Finance Lease)	34,388,412	-
Income from Operating Lease	5,340,844	1,806,588
Income from Project Management Services (Refer Note 2.17.1)	20,655,050	5,378,586
Share of Course Fee Received	3,170,200	263,000
	63,554,506	7,448,174

2.18.1 Government of Kerala, Department of Treasury, Trivandrum has entrusted the work of modernising and renovating existing treasuries and construction of new treasury buildings under agreements to the company, at various locations in the State of Kerala. As per the said agreements, read with Government of Kerala, GO on guidelines on this matter (for executing civil works) , the company is entitled to the total sum of Rs.63,60,561/-(27,65,364) as Centage Charges for the year, at agreed rates, which is recognised as income, and included in income from project management services in the statement of profit and loss statement of the year.

Expenses incurred by BSNL, who was engaged as construction agency for the works by the Company, for such contracts during the year Rs. 6,80,41,339/- (Rs. 3,67,26,178/-)has been reimbursed to them out of deposits received from Government of Kerala for the works. Consultancy charges payable to BSNL at agreed rates has been recognised as expenditure.

NOTE - 2.19

(In Rupees)

Particulars	As at 31-03- 2014	As at 31-03-2013
OTHER INCOME		
Interest Income	91,175,351	84,899,639
Guarantee Fee Received	3,500,000	-
Profit on Sale of Assets	32,289	3,132
Tender Fee Received	12,000	127,487
Miscellaneous Income	1,089,060	61,741
	95,808,700	85,091,999

NOTE - 2.22

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
OTHER EXPENSES		
Project Management Services Expenses	7,177,725	1,968,528
Bad Debt Written Off	532,181	-
Power & Fuel	1,331,502	684,479
Rent	2,476,892	2,101,424
Repairs & Maintenance	1,109,530	1,307,676
Insurance	96,418	111,769
Audit Fee and expense		
Statutory Audit	40,000	40,000
Internal Audit	100,000	100,000
Tax Audit	20,000	20,000
Other Audit expense	77,781	25,271
Meeting expense	941,328	994,908
Administrative charges on Provident Fund	94,704	97,669
Consideration for Manpower services	4,071,341	3,419,621
Course expense	543,349	-
Advertisement & Publicity	2,596,626	940,306
Loss on Sale of assets	97,586	3,558
Membership/ Subscription to Professional bodies	78,680	51,364
Postages, Telephone and internet charges	964,056	681,337
Printing and Stationery	261,923	298,073
Professional Charges & Legal Fee	2,471,395	1,437,603
Rates & Taxes	1,528,657	68,363
Staff Recruitment Expense	207,826	423,270
Travelling & Conveyance	3,198,731	2,982,936
Miscellaneous Expenses	287,404	273,038
	30,305,635	18,031,193

NOTE - 2.23

(In Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
EARNINGS PER SHARE		
Profit after tax for the year as per Statement of Profit and Loss (In Rs.)	38,315,606	33,308,283
Weighted average of Equity shares of Rs.10,000/- (Rs.10,000/-)each (fully paid up)	150,750	137,566
Earnings Per Equity Share (Basic and Diluted) (In Rs.)	254.17	242.13

(In Rupees)

Previous Year

2.8.1 Deletions/ Adjustments represents cost of land/ building re-classified as current asset based on management decision to dispose the same as per long term finance lease agreement.

INKEL LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(In Rupees)

	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit Before Taxation	56,784,908	49,305,635
	Adjustments for :		
	Depreciation and Amortisation	22,124,618	7,054,803
	Loss/(Profit) on sale of Assets(Net)	65,297	426
	Interest Income	(91,175,351)	(84,899,639)
	Liabilities \Provisions no Longer required written back	(1,089,060)	-
	Conversion of fixed assets to current assets	21,690,146	-
	Operating profit before Working Capital Changes	8,400,558	(28,538,775)
	Changes in Working Capital		
	Adjustments for (Increase)\Decrease in Operating Assets		
	Trade Receivables	(7,968,709)	(3,189,777)
	Short term loans and advances	(41,817,006)	(123,269,826)
	Other Current Assets	4,657	1,515,379
	Long term Loans and Advances	(12,924,010)	(277,750)
	Other Non Current Assets	-	58,624,724
		(62,705,068)	(66,597,250)
	Adjustments for increase (Decrease) in Operating Liabilities		
	Trade Payables	16,988,485	418
	Non Current Liabilities	-	1,502,374
	Other Current Liabilities	19,853,224	(1,996,969)
	Short term Provisions	-	379,773
	Long term Provisions	946,852	12,114,920
	Long Term Liabilities	(5,793,052)	
		31,995,509	12,000,516
	Cash generated from Operations	(22,309,001)	(83,135,509)
	Taxes Paid	(20,440,754)	(12,218,699)
	Net Cash Used in Operating activities - (A)	(42,749,755)	(95,354,208)
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets including Capital Work in Progress	(64,659,403)	(154,986,685)
	Proceeds from sale of Fixed assets	271,029	1,390,555
	Investments in Equity shares	(412,568,000)	(57,501,140)
	Investments in Debentures	195,700,000	-
	Net Cash Used in Investing activities - (B)	(281,256,374)	(211,097,270)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Share Capital Brought in	254,610,000	-
	Interest received on deposits	83,006,871	84,899,639
	Net Cash Generated By Financing Activities - (C)	337,616,871	84,899,639
	Net increase in Cash and Cash equivalents	13,610,743	(221,551,839)
	Cash and Cash equivalents at the beginning of the year	551,432,985	772,984,824
	Closing Cash And Cash Equivalents	565,043,728	551,432,985

For and on behalf of the Board of Directors

T. Balakrishnan, Managing Director

P.H Kurian, IAS, Director

K. Padmadasan, Company Secretary

Place: Cochin
Date: 11-06-2014

As per our Report of even date attached

For Varma & Varma
Chartered Accountants

Vijay Narayan Govind (Partner)
Membership No. 203094
Firm No.004532S

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH 2014

1. Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956("the 1956 Act") which continue to be applicable in respect of Section 133 of the Companies Act 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13, September 2013 of the Ministry of Corporate Affairs and the relevant provisions of the 1956 Act/2013 Act, as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which

the results are known /materialized.

c. Fixed Assets

Land acquired on long term lease arrangements that are in the nature of financial leases are classified under Fixed Assets and amortised over the lease period. Buildings constructed on such land are capitalised and depreciated as per company's accounting policy. Such land and building are reclassified and treated as Current Assets (at Net Book Value) when the decision to dispose under long-term finance leases is conclusively taken by the management.

Fixed assets are stated at the cost of acquisition, which includes taxes, duties, freight and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, less depreciation and impairment in value if any, is adjusted.

d. Depreciation/ Amortisation

Land acquired on long term lease arrangements that are in the nature of financial leases are classified under Fixed Assets and amortised over the lease period. Depreciation on other fixed assets is provided on Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Cost of software treated as Intangible Assets is amortised over a period of five years.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH 2014

e. Investments

Non-Current Investments are stated at cost. Decline in value, if any, which is not considered temporary in nature, is provided for.

f. Revenue Recognition

Revenue arising on disposal of current assets under long-term lease arrangements that are in nature of financial leases is recognised in the year in which the lease arrangements become operational.

Proportionate income during the period of license agreement and income from other arrangements which are in the nature of operating leases, are recognized as income in the respective years.

Other incomes are recognized on accrual basis except when there are significant uncertainties.

g. Employee Benefits

i. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

ii. Defined Contribution Plans

The company has defined contribution plans for employees comprising of Provident Fund. The contributions paid/payable to these plans during the year are charged to the Statement of Profit and Loss for the year.

iii. Defined Benefit Plans: Gratuity (Unfunded) & Long term employee benefits: Compensated absences (Unfunded).

The company has a scheme for gratuity and compensated absences for the employees, the

accruing liability in respect of which at the end of the year is provided in the accounts on estimated gross un-discounted basis since eligible employees being small in number. The provision so created is treated as a long term provision in the Balance Sheet, as the management is of the opinion that these liabilities will not arise within 12 months from the date of Balance Sheet date.

iv. Termination Benefits

Termination benefits are recognized in the Statement of Profit and Loss for the period in which the same accrue.

h. Income Tax

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes. Deferred Tax assets/liabilities representing timing differences between accounting income and taxable income are recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

i. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year-end. The exchange gain/loss arising during the year is adjusted to the Statement of Profit and Loss.

j. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognized as expenditure for the period in which they are incurred.

k. Earnings per share

Basic/ diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/ dilutive potential equity shares outstanding as at the end of the year as the case may be.

l. Impairment of Assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss if any is recognized in the Statement of Profit and Loss of the period in which the asset is identified as

impaired. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

m. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the accounts.



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ANNUAL REPORT OF SUBSIDIARY COMPANIES ►►

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INKEL – KSIDC PROJECTS LIMITED

REPORT TO SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st March 2014.

Financial Highlights

	2013-14 (Rs. In lacs)	2012-13 (Rs. In lacs)
Total Income	1753	46
Total expenditure	1901	179
Profit/(Loss) before Tax	(148)	(133)
Less : Tax	6	1
Profit / (Loss) for the year	(154)	(134)

Project Progress

The Company initially had on lease from KSIDC 243 acres of land at Panakkad, Malappuram and 30 acres at Angamali, Ernakulam.

ANGAMALI : Development of 5.55 acres on sublease to the holding company, INKEL, is in progress and built-up area of 2 lac square feet have been completed. Another building of almost the same area is under development now.

In the remaining 22.5 acres of land together with another 25 acres of adjacent land in possession of KSIDC, it is proposed to develop a Trade City. Feasibility study and master plan have been prepared by Cushman & Wakefield. The Project will be taken up for execution in the current financial year.

The proposed Trade City will have zones for Retail, Hospitality, Green Manufacturing Zone, Gas Based Power Plant, Education, Skill Development, Healthcare, Building Material showrooms and Green Industry and Mixed use.

MALAPPURAM : Basic infrastructure for the project is now under development, with a projected expenditure of Rs.25 Crores. The priority areas are external road, internal roads,

water and electricity. Internal road net work of around 4 kms has already been laid. Other infrastructure facilities are expected to be provided by the Government in the coming years.

In an area of 61 acres, on sublease to the holding company, INKEL, a Small and Medium Park has been set up. A total of six manufacturing units are in operation now. Further manufacturing units are under construction by the lessees to whom INKEL has leased land parcels.

A Skill Development Centre with a minimum student intake of 120 per annum has started functioning. This INKEL-NTTF venture, spread over an area of 3 acres, is projected to have a capital investment of over Rs.10 Crores during the next three years. The Centre offers three year job-guaranteed diploma programmes.

Land parcels have also been allotted to set up dental college, skill development centre, gem and jewellery training centre and others and most of these units are to come up in the next two years.

The land remaining to be allotted is around 80 acres.

Directors

Dr. P Mohamed Ali, Director has resigned from the Board on 10th March 2014. Your Directors place on record their appreciation of the valuable services rendered by Dr. Mohamed Ali as a Director of the company.

On 25.06.2014, the Board has co-opted Shri M M Abdul Basheer as an Additional Director to hold office up to the conclusion of this Annual General Meeting. The Board recommends his appointment as a Director of the company at the ensuing annual general meeting.

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the company, Mr. C.K Menon, Mr.

M R Karmachandran and Mr. C V Rappai are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

AUDITORS

M/s. Mohan & Mohan Associates, Statutory Auditors hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received a communication from M/s. Mohan & Mohan Associates that their reappointment, if made, would be within the prescribed limits specified in Companies Act, and that they are not disqualified for reappointment.

PARTICULARS OF EMPLOYEES

There are no employees in the company whose particulars are to be stated as provided in Section 217(2A) of the Companies Act 1956.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The company is yet to commence commercial operations and consequently particulars on energy conservation, technology absorption and foreign exchange earnings and outgo are NIL.

COMPLIANCE CERTIFICATE

During the year under review, the company has complied with the provisions of the Companies Act 1956. A copy of the certificate issued by a Secretary in whole time practice in this regard is annexed to and is part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act 1956, Board of Directors confirm that :

1. applicable accounting standards had been followed along with proper explanation relating to material departures in the preparation of the annual accounts;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENT

Your Directors place on record their sincere thanks to all concerned for their support and co-operation.

For and on behalf of the Board

21.07.2014
Kochi

T Balakrishnan
Chairman

INDEPENDENT AUDITORS' REPORT

To,
The Members of
INKEL KSIDC PROJECTS LIMITED .
Ernakulam

Report on Financial statements

We have audited the accompanying Financial Statements of INKEL KSIDC PROJECTS LIMITED, which comprise Balance Sheet as at 31st March 2014, 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

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 Accounting Standards referred to in Section 211 (3C) 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. 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 misstatements , whether due to fraud or error

Auditors' Responsibility

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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements .The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements 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 the entity's internal control . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us , the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India .

- (a) In the case of Balance Sheet of the state of affairs of the company as at 31st March 2014;
- (b) In the case of the Statement of Profit and Loss of the Loss for the year ended on that date;
- (c) 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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") as amended, issued by the Central Government of India in terms of Section 227 (4A) of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to above, we report that

Your attention is also invited to items (d),(e), (g) and (h) of Notes to accounts.

Subject to the above

- ('i) We have obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purposes of our audit.

- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
- (iii) The Balance Sheet, statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (iv) In our opinion, the Balance sheet , statement of Profit and Loss and Cash Flow statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of 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
- (v) on the basis of written representations received from the directors as on 31st March 2014 , and taken on record by the Board of Directors , none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act ,1956.

Place: Ernakulam
Date: .25 th June 2014.

For **MOHAN & MOHAN ASSOCIATES**
Chartered Accountants

R.SURESH MOHAN
(Partner)
Mem No. 13398.
Firm No.02092 S

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading of

“ Report on Other legal and Regulatory Requirements “ of our report of even date)

1. (a).The company has maintained proper records showing full particulars ,including quantitative details and situation of Fixed Assets .
- (b). The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. a) Inventory includes land and building. We are informed that the inventory have been physically verified by the Management during theyear
- b) In our opinion and according to the information and explanations given to us , the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of business .
- c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification , by the Management.
3. a) According to the information and explanations given to us, the company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Act. The company has taken loan from Companies , firms or other parties covered in the Register maintained under section 301 of the companies Act 1956.The year end balance of loan accounts are noted below :-
INKEL Limited -2593.18 Lakhs
- (b) In our opinion the rate of interest and other terms and conditions on which loans have been granted to companies ,firms or other parties listed in the registers maintained under section 301 are not , prima-facie prejudicial to the interest of the Company
- (c) There are no stipulations regarding repayment of principal and interest
4. In our opinion and according to the information and explanations given to us , 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 services . During the course of our audit, we have not observed any major weakness in such internal control system .
5. According to the information and explanations given to us, transactions that need to be entered into the register in pursuance of section 301 of the Act have been correctly entered and each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, The Company has NOT accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business .
8. According to the information and explanations given to us, the Central Government has not prescribed Maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company .
9. According to the information and explanations given to us in respect of

statutory dues

- a. According to the records of the company has been generally regular in depositing undisputed statutory dues including Service tax , Income Tax , Provident Fund and other applicable statutory dues applicable to it with the appropriate authorities .
- b. There are no undisputed amounts payable in respect of service tax , Income tax , provident fund and other material statutory dues in arrears as at 31st March 2014 , for the period of more than six months from the date they became payable .
- c. The Company has no dues of sales tax/income tax/custom duty/wealth tax/excise duty/cess, which have not been deposited on account of any dispute with the Department concerned.
9. The Company has accumulated losses and has incurred cash losses during the current and the immediately preceding financial year .
10. According to the information and explanations given to us and the records of the Company examined by us , we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions , banks and debenture holders.
11. In our opinion and according to the explanations given to us and based on the information available , no loans and advances have been granted by the Company on the basis of security by way of pledge of shares , debentures and other securities .
12. In our opinion the Company is not a chit fund /nidhi /mutual benefit fund / society

Therefore the provisions of the CARO is not applicable to the Company .

13. According to the information and explanations given to us , the Company is not dealing in shares , securities and debentures and other investments .Accordingly the provisions of the CARO not applicable to the Company
14. According to the information and explanation given to us , the Company has not given any guarantee for loans taken by others from banks or financial institutions
15. According to the information and explanation given to us the Company did not have any term loan outstanding during the year , accordingly the provisions of the CARO is not applicable to the Company
16. According to the information given to us, and on the basis of an overall examination of the balance sheet of the company, we are of the opinion that the Company has not raised any funds on short-term basis for long-term investment
17. 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 1956.
18. The Company has not issued any debenture during the year.
19. The Company has not raised any funds through public issue during the year.
20. According to the information given to us by the company, no material fraud on or by the Company has been noticed or reported during the year.

Place: Ernakulam

Date: .25 th June 2014.

For **MOHAN & MOHAN ASSOCIATES**

Chartered Accountants

R.SURESH MOHAN

(Partner)

Mem No. 13398.

Firm No.02092 S

INKEL - KSIDC PROJECTS LIMITED
INKEL CENTRE, THRIKKAKARA, COCHIN - 682021

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Balance Sheet as at 31st March, 2014

(Amt in Rupees)

	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	247,613,670	247,613,670
(b) Reserves and Surplus	2	(25,793,270)	(10,297,349)
(c) Money Received against Share Warrants		-	-
(2) Share Application Money Pending Allotment		-	-
(3) Non-Current Liabilities			
(a) Long -Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long - Term Liabilities	3	14,255,611	169,211,254
(d) Long - Term Provisions	4	3,620,544	3,620,544
(4) Current Liabilities			
(a) Short - Term Borrowings		-	-
(b) Trade Payables	5	12,622	20,000
(c) Other Current Liabilities	6	265,271,167	217,294,218
(d) Short - Term Provisions	7	819,557	189,329
Total		505,799,901	627,651,666
II. ASSETS			
(1) Non - Current Assets			
(a) <i>Fixed Assets</i>			
(i) Tangible Assets	8	429,417,433	540,831,793
(ii) Intangible Assets		-	-
(iii) Capital Work - in - Progress		-	-
(iv) Intangible Assets under Development	9	-	16,755,901
(b) Non - Current Investments		-	-
(c) Deferred Tax Assets (Net)	10	(101,044)	549,061
(d) Long - Term Loans and Advances		-	-
(e) Other Non - Current Assets	11	20,117,757	20,117,757
(2) Current assets			
(a) Current Investments		-	-
(b) Inventories	12	-	-
(c) Trade Receivables		-	-
(d) Cash and Cash Equivalents	13	2,655,115	18,381
(e) Short -Term Loans and Advances		-	-
(f) Other Current Assets	14	53,710,640	49,378,773
Total		505,799,901	627,651,666
Notes Forming part of the Financial Statement		1 to 20	

For and on behalf of the Board of Directors

As per our Report of even date

T. Balakrishnan, Chairman

For Mohan & Mohan Associates
Chartered Accountants

M.M Abdul Basheer
Director
25th June 2014
Ernakulam

R.Suresh Mohan
(Partner)
Mem.No 13398
Firm No.002092S

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2014

(Amt in Rupees)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. Revenue from Operations	15	174,855,532	1,942,520
II. Other Income	16	453,470	2,660,550
III. Total Revenue (I +II)		175,309,002	4,603,070
<u>IV. Expenses:</u>			
Cost of Land	17	156,574,521	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee Benefit Expense		-	-
Financial Costs	18	26,593,648	10,835,400
Depreciation and Amortisation Expense	19	4,707,989	6,219,034
Other Expenses	20	2,278,660	800,362
IV.Total Expenses		190,154,818	17,854,796
V. Profit Before Exceptional and Extraordinary items and Tax (III-IV)		(14,845,816)	(13,251,726)
VI. Exceptional Items - Provision for Bad Debts		-	-
VII. Profit Before Extraordinary items and Tax (V - VI)		(14,845,816)	(13,251,726)
VIII. Extra Ordinary Items - Prior Period Items		-	-
IX. Profit Before Tax (VII - VIII)		(14,845,816)	(13,251,726)
X. Tax Expense:			
(1) Current Tax			
(2) Deferred tax		650,105	182,445
XI. Profit / (Loss) from the period from continuing operations		(15,495,921)	(13,434,171)
XII. Profit / (Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit / (Loss) from Discontinuing Operations (XII - XIII)		-	-
XV. Profit / (Loss) for the period (XI + XIV)		(15,495,921)	(13,434,171)
XVI. Earning per Equity Share:			
(1) Basic		(0.63)	(0.54)
(2) Diluted		(0.63)	(0.54)
Notes Forming part of the Financial Statement		1 to 20	

For and on behalf of the Board of Directors

As per our Report of even date

T. Balakrishnan, Chairman

For Mohan & Mohan Associates
Chartered Accountants

M.M Abdul Basheer
Director
25th June 2014
Ernakulam

R.Suresh Mohan
(Partner)
Mem.No 13398
Firm No.002092S

INKEL - KSIDC PROJECTS LIMITED
INKEL CENTRE, THRIKKAKARA, COCHIN - 682021

NOTES FORMING PART OF BALANCE SHEET AS ON 31.03.2014

NOTE - 1 SHARE CAPITAL

(Amt in Rupees)

	Particulars	No. of Shares	As at 31-03-2014	As at 31-03-2013
SHAREHOLDERS FUNDS				
SHARE CAPITAL				
(a)	Authorised			
	Equity Share Capital			
	Equity Shares of Rs.10/- each (Previous year 2,50,00,000 Equity Shares)	25,000,000	250,000,000	250,000,000
			250,000,000	250,000,000
(b)	Issued, Subscribed and Paid up			
	Equity Shares of Rs.10/- each fully paid up	24,761,367	247,613,670	247,613,670
	(Of the above 64,37,955 Shares of Rs.10/-each are issued for consideration other than cash towards Lease Premium payable)			
		24,761,367	247,613,670	247,613,670
(c)	Par Value per Share			
	The Company has one class of Equity Shares having face value per share is Rs.10/-			
(d)	Reconciliation of Number of shares and amount outstanding at the end of the reporting period			
	Particulars	No. of Shares	As at 31-03-2013	As at 31-03-2012
	Equity Shares			
	Number of Shares Outstanding as on 01.04.2013	24,761,367	247,613,670	247,613,670
	Shares issued during the period	-	-	-
	Shares Brought back during the period	-	-	-
	Number of shares Outstanding as on 31.03.2014	24,761,367	247,613,670	247,613,670
(e)	Rights , Preferences and restrictions attached to each class of shares			
	No such rights , Preferences , restrictions etc. attached	Nil	Nil	Nil
(f)	Shares held by Holding Company, Subsidiary Company , Associates etc			
	Shares held by			
1	Its Holding Company & its Ultimate Holding Company			
	INKEL Limited	18,323,412	183,234,120	183,234,120
2	Subsidiaries of its Holding Company & its Ultimate Holding Company	Nil	Nil	Nil
3	Associates of its Holding Company & Its Ultimate Holding Company	Nil	Nil	Nil
(g)	Shares held by each shareholder holding morethan 5% shares			
	INKEL Limited - 74 %	18,323,412	183,234,120	183,234,120
	KSIDC Limited - 26 %	6,437,955	64,379,550	64,379,550

	Particulars	No. of Shares	As at 31-03-2013	As at 31-03-2012
(h)	Shares reserved for issue under options and contracts /commitments	Nil	Nil	Nil
(I)	During the last Five years			
	1) Aggregate Number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash	6,437,955	64,379,550	64,379,550
	2) Aggregate number and class of shares allotted as fully paid up by way of Bonus shares	Nil	Nil	Nil
	3) Aggregate number and class of shares bought back	Nil	Nil	Nil
(J)	Terms if any of securities convertible into Equity/ Preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date	Nil	Nil	Nil
(k)	Calls Unpaid			
	By Directors	Nil	Nil	Nil
	By Officers	Nil	Nil	Nil

NOTE - 2 RESERVES & SURPLUS

	Particulars		As at 31-03-2014	As at 31-03-2013
a	Capital Reserve		-	-
b	Other Reserves		-	-
c	Surplus balance in the Profit and loss account			
	Opening Balance		(10,297,349)	3,136,822
	Profit and Loss Account		(15,495,921)	(13,434,171)
			(25,793,270)	(10,297,349)
	Less : Dividend		-	-
			(25,793,270)	(10,297,349)

NOTE - 3 OTHER LONG TERM LIABILITIES

Particulars		As at 31-03-2014	As at 31-03-2013
Lease Hold Premium Received in Advance			169,211,254
Lease Premium Received in Advance - INKEL Green		14,089,722	-
Performance Guarantee - AMCON Pavers & Projects (p) Ltd		17,764	-
Performance Guarantee - Sakeer		148,125	-
		14,255,611	169,211,254

NOTE - 4 LONG TERM PROVISIONS

Particulars		As at 31-03-2014	As at 31-03-2013
Long Term Provision		3,620,544	3,620,544
		3,620,544	3,620,544

NOTE - 5 TRADE PAYABLES

Particulars		As at 31-03-2014	As at 31-03-2013
Trade Payable			
Suppliers / Services		12,622	20,000
		12,622	20,000

NOTE - 6 OTHER CURRENT LIABILITIES

Particulars		As at 31-03-2014	As at 31-03-2013
Other Current Liabilities		265,271,167	217,294,218
		265,271,167	217,294,218

NOTE - 7 SHORT TERM PROVISIONS

Particulars		As at 31-03-2014	As at 31-03-2013
Short Term Provisions			
Expense Payable		819,557	189,329
		819,557	189,329

NOTE - 9 PROJECT DEVELOPMENT EXPENSE PENDING CAPITALISATION / ADJUSTMENTS

Particulars		As at 31-03-2014	As at 31-03-2013
Intangible Work-In-Progress		-	16,755,901
		-	16,755,901

NOTE - 10 DEFERRED TAX ASSETS

Particulars		As at 31-03-2014	As at 31-03-2013
Deferred Tax Assets		101,044	(549,061)
		101,044	(549,061)

NOTE - 11 OTHER NON CURRENT ASSETS

Particulars		As at 31-03-2014	As at 31-03-2013
Income Tax and TDS/Advance Tax		20,117,757	20,117,757
		20,117,757	20,117,757

NOTE - 12 INVENTORIES

Particulars		As at 31-03-2014	As at 31-03-2013
Land held on long term finance lease			
Opening balance		-	
Add: Additions during the year		156,574,521	
Less: Disposed during the year		156,574,521	
Closing balance		-	-
		-	-

NOTE - 13 CASH AND CASH EQUIVALENTS

Particulars		As at 31-03-2013	As at 31-03-2012
Cash on Hand		-	-
Balance with Banks			
In Current Accounts		2,655,115	18,381
In Fixed Deposit Accounts			
		2,655,115	18,381

NOTE - 14 OTHER CURRENT ASSETS

Particulars		As at 31-03-2014	As at 31-03-2013
Advance Income Tax and TDS (2013 -14)		1,437,151	
Interest accrued on fixed deposit accounts		149,962	
Balance with Govt. Authorities		52,123,527	49,378,773
		53,710,640	49,378,773

For and on behalf of the Board of Directors

As per our Report of even date

T. Balakrishnan, Chairman

For Mohan & Mohan Associates
Chartered Accountants

M.M Abdul Basheer
Director
25th June 2014
Ernakulam

R.Suresh Mohan
(Partner)
Mem.No 13398
Firm No.002092S

INKEL - KSIDC PROJECTS LIMITED
INKEL CENTRE, THRIKKAKARA, COCHIN - 682021

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS ITEMS AS ON 31.03.2014

NOTE - 15 REVENUE FROM OPERATIONS

(Amt in Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
Lease Premium		1,942,520
Lease Premium (Amortisation) -INKEL Green - Mplm	135,278	
Annual Lease Rent	10,000	
Sales - Sub lease INKEL Greens	113,651,437	
Sales - Sub lease Angamaly	61,058,817	
	174,855,532	1,942,520

NOTE - 16 OTHER INCOME

Particulars	As at 31-03-2014	As at 31-03-2013
Premium on surrender of 1.95 Acre of Angamaly Land		1,950,436
Interest on Fixed Deposit with Scheduled Banks		
Others	125,000	710,114
Miscellaneous income	30,000	
Tender Fee Received	2,000	
interest on Lease Premium	296,470	
	453,470	2,660,550

NOTE - 17 EXPENSES - OPERATIONS

Particulars	As at 31-03-2014	As at 31-03-2013
Cost of Land- INKEL Greens	101,554,198	
Cost of Land- Angamaly	55,020,323	
	156,574,521	-

NOTE - 18 FINANCIAL COSTS

Particulars	As at 31-03-2014	As at 31-03-2013
Bank Charges & interest	1,664	1,344
Interest on Intercompany advance	26,591,984	10,834,056
	26,593,648	10,835,400

NOTE - 19 DEPRECIATION AND AMORTISATION

Particulars	As at 31-03-2014	As at 31-03-2013
Depreciation & Amortisation	4,707,989	2,524
Amortisation		6,216,510
	4,707,989	6,219,034

NOTE - 20 OTHER EXPENSE

Particulars	As at 31-03-2014	As at 31-03-2013
OTHER EXPENSES		
Project Development expense w/off	864,415	
Travelling Expense	38,114	13,377
Audit Fee & Expenses		
Statutory Audit Fee	30,000	20,000
Tax Audit Fee	20,000	
Internal Audit Fee	60,000	
Other Audit Expense	23,256	19,000
Board Meeting expense	207,849	106,705
Consideration for Outsource	528,710	450,115
Electricity & water charges	-	8,679
Filing Fee ROC/Income Tax	4,000	2,462
Office General expense	81,779	25,708
Printing & Stationary	4,788	4,440
Professional Charges	228,491	60,218
Repairs & Maintenance	10,470	2,873
Telephone & Internet Charges	19,673	18,122
Postages	1,425	1,180
Annual General Meeting Expense	-	31,389
News paper & periodicals	654	1,582
Rates & taxes	40,203	34,512
Preliminary expense written off	-	-
Advertisement	114,833	-
	2,278,660	800,362

For and on behalf of the Board of Directors

T. Balakrishnan, Chairman

M.M Abdul Basheer

Director

25th June 2014

Ernakulam

As per our Report of even date

For Mohan & Mohan Associates

Chartered Accountants

R.Suresh Mohan

(Partner)

Mem.No 13398

Firm No.002092S

NOTE - 8
FIXED ASSETS
INKEL- KSIDC PROJECTS LIMITED
INKEL CENTRE, THRIKKAKARA, COCHIN - 682021

SL. NO	ITEMS	GROSS BLOCK			DEPRECIATION				NET BLOCK AS ON 31.03.2013
		Opening Balance	Additions during the year	Deletions during the year	Total	Opening Balance	Depreciation for the year	Deleted during the year	
1	Furniture and Fittings	17,100	-	-	17,100	5,676	2,068		11,424
2	Building								
	Road - Angamaly		4,278,663		4,278,663		586		-
	Road - Malappuram		22,075,015		22,075,015		3,024		-
	Gate Complex - Angamaly		175,411		175,411		24		-
	Borewell - Malappuram		204,740		204,740		28		-
	Borewell - Angamaly		52,763		52,763		7		-
	Pumpset		9,276		9,276		1		-
	Cable Installation		2,105,117		2,105,117		288		-
3	Leasehold Land								
	Angamaly	286,664,732	4,511,750	56,719,760	234,456,722	8,589,046	2,634,345	1,699,437	224,932,768
	Malappuram	272,821,133	16,455,415	105,258,641	184,017,907	10,076,450	2,067,617	3,704,443	175,578,283
	TOTAL	559,502,965	49,868,150	161,978,401	447,392,714	18,671,172	4,707,989	5,403,880	429,417,433.16
									540,831,793

For and on behalf of the Board of Directors

T. Balakrishnan, Chairman

**M.M Abdul Basheer
Director**

25th June 2014
Ernakulam

As per our Report of even date

For Mohan & Mohan Associates
Chartered Accountants

R.Suresh Mohan
(Partner)
Mem.No 13398
Firm No.002092S

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31st MARCH 2014

1. Significant Accounting Policies

a. Back Ground

INKEL- KSIDC Project Limited ("the Company") is engaged in the promotion, setting up and maintenance of all types of Infra structure facilities, projects and ventures.

b. Basis of Accounting

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956("the 1956 Act") which continue to be applicable in respect of Section 133 of the Companies Act 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13, September 2013 of the Ministry of Corporate Affairs and the relevant provisions of the 1956 Act/2013 Act, as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent subject to notes under paragraph Nos. (d),(e) ,(g) and (h), with those of the previous year.

c. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and

estimates are recognized in the period in which the results are known /materialized.

d. Inventories

Land acquired on long term lease arrangements that are in the nature of financial leases are reclassified and treated as Current Assets (at Net Book Value) when the decision to dispose under long-term finance leases is conclusively taken by the management. Hence such proportion of land cost is treated as inventories

e. Fixed Assets

i) Land acquired on long term lease arrangements that are in the nature of financial leases are classified under Fixed Assets and amortised over the lease period. Such land and building if any are reclassified and treated as Current Assets (at Net Book Value) when the decision to dispose under long-term finance leases is conclusively taken by the management.

ii) During the year the company has reclassified the entire Land acquired on long term lease arrangements that are in the nature of Financial leases and are classified under Fixed Assets and amortised over the lease period .

Fixed assets are stated at the cost of acquisition, which includes taxes, duties, freight and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, less depreciation and impairment in value if any, is adjusted.

f. Depreciation/Amortisation

Land acquired on long term lease arrangements that are in the nature of financial leases are classified under Fixed Assets and amortised

over the lease period. Depreciation on other fixed assets is provided on Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

g. Revenue Recognition

i.) Revenue arising on disposal of current assets under long-term lease arrangements that are in nature of financial leases is recognised in the year in which the lease arrangements become operational.

ii) Proportionate income during the period of license agreement and income from other arrangements which are in the nature of operating leases, are recognized as income in the respective years.

iii) During the year the company has collected Rs. 54.99 lakhs by sub lease of land and the entire amount is taken as income for the period .Balance outstanding in the Land lease premium received account is also treated as income for the year ,as per the intention of management, it was felt that the prudent treatment would be to classify such land as leasehold land and present it under Fixed Assets initially and thereafter reclassify to Current Assets only when intention to dispose on long lease becomes clearly evident. This would also ensure amortization of the cost until disposal on long lease. Hence Rs.1692.11 lakhs is taken as income during the year. Total amount treated as income for the year is Rs.1747.10 Lakhs.

iv) Other incomes are recognized on accrual basis except when there are significant uncertainties.

h. Cost of land

The company has considered the net value of land after amortization which was treated as current asset in the previous year and charged the same to the profit and loss account. The amount transferred from last year balance is Rs.1516.14 lakh . Current year the company has transferred an amount of Rs.49.61 lakh. Therefore the total amount of land treated

as cost of land and charged to profit and loss account is Rs. 1565.75 lakhs.

i. Income Tax

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes. Deferred Tax assets/ liabilities representing timing differences between accounting income and taxable income are recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

j. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year-end. The exchange gain/loss arising during the year is adjusted to the Statement of Profit and Loss.

k. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognized as expenditure for the period in which they are incurred.

l. Earnings per share

Basic/ diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/ dilutive

potential equity shares outstanding as at the end of the year as the case may be.

m. Impairment of Assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss if any is recognized in the Statement of Profit and Loss of the period in which the asset is identified as impaired. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

n. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent assets are neither recognized nor disclosed in the accounts.

The Company has entered into lease agreement with Kerala State Industrial Development Corporation (KSIDC) one of the promoters, for taking on long term lease of 12.14 Hectares of Land at Angamaly and the deed was registered on 30th August 2010 and 100.68 Hectares of Land at Malappuram registered on 2nd September 2010, in respect of which an Irrevocable unconditional Bank Guarantee had to be furnished to KSIDC for the balance lease

premium of Rs.3218.98 lakh. This is yet to be furnished as the matter is under negotiation with KSIDC.

Contingent liability not provided for amounts to Rs.805 lakh as at the close of the year (previous year 805 lakh), on account of interest as per the lease agreement not provided in the books for the unpaid balance lease premium, as the matter is under renegotiation by the management with KSIDC and is expected a waiver.

n. Tangible Fixed Assets

Fixed assets are stated at cost of acquisition till the date of installation of the assets and improvement thereon less accumulated Depreciation.

o. Lease hold Right

Lease hold premium paid in respect of Land taken on lease is taken as fixed asset and is amortised over the lease period. Unamortised amount of lease premium in the books of the company is Rs 4005 lakhs (Pre.Year Rs5408.20 lakhs)

p. Service Tax Input Credit Receivable is shown as Balance lying with Govt Authorities under Current Asset in accordance with the Service Tax Rules.

q. Managerial Remuneration

No managerial remuneration has been paid by the company (Previous year NIL)

r. Disclosure under section 22 of the Micro, Small and Medium Enterprises Development Act 2006.

No amount is due to any unit covered under 'The Micro, Small and Medium Enterprises Development Act, 2006, which are outstanding for more than 45 days as at 31st March 2014. This has been determined to the extent such parties have been identified on the basis of information available with the Company.

The Company has during the year only a single operation namely “ sales/ sub lease of land “. Therefore the Company's business does not fall under different business segments as defined by AS-17- “Segmental Reporting” issued by ICAI.

s. Disclosure in accordance with Accounting Standard – 18 Related Party Transactions.

a. Relationships during the year:

i) Holding Company

a. INKEL Limited – 74 % Share

ii) Subsidiary

a. INKEL - KSIDC Projects Limited

ii) Remuneration to Key management Personnel: Rs. Nil

t) Financial Reporting of Interests in Joint Ventures (AS-27) - NIL

u) Earnings per share:

	<u>2013-14</u>	<u>2012-13</u>
Basic EPS :	Rs (0.63)	Rs (0.54)
Diluted EPS :	Rs (0.63)	Rs (0.54)

v) Figures for the previous year have been regrouped wherever necessary to suit current years layout and accounting policies.

(Amount Rs. in Lakh)

Particulars	INKEL Ltd	KSIDC Ltd
Revenue from Operations		-
Sales /Sub lease premium recd.	1747.10	-
Interest paid on Inter corporate loans	265.93	-
Lease premium Payable to KSIDC	-	17.79
Loans and advances payable	2593.18	-



ANNUAL REPORT OF SUBSIDIARY COMPANIES ►►



INKEL – KINFRA INFRASTRUCTURE PROJECTS LIMITED

Report to Shareholders

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st March 2014.

Financial Performance

The company has not commenced its development activities and during the year ended 31st March 2014, the company has incurred an expense of Rs. 1,36,851/-.

PROJECT PROGRESS

VELLAYIL :

The Company was incorporated as a joint venture of INKEL (74%) and KINFRA (26%) to develop land parcels at Vellayil and Ramanatturkara, both in Kozhikode District.

Leasing of Vellayil Land, smaller in area, had been delayed due to procedural compliance. All procedural requirements have now been completed and lease agreements for 2.41 acres has also been finalized.

It is proposed to set up a Commercial Complex of 145,000 Sq Ft in 1 acre of land including car parking in the basement. It is proposed to have both retail and office space at the Complex wherein shop space of various size will be given to investors on long lease as well as on monthly rent. The estimated project cost is 33.45 Crores, including land cost. The period of completion is 18-24 months.

RAMANATTUKARA :

As regards Ramanattukara land, acquisition and other issues are yet to be completed. Project Development will commence, once these compliances are complete and area to be developed is 80 acres.

Directors

Dr. P Mohamed Ali, Director has resigned from the Board on 25th March 2014. Your Directors place on record their appreciation of the valuable services rendered by Dr. Mohamed Ali as a Director of the company.

On 20.06.2014, the Board has co-opted Shri M M Abdul Basheer as an Additional Director to hold office up to the conclusion of this Annual General Meeting. The Board recommends his appointment as a Director of the company at the ensuing annual general meeting.

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the company, Mr. C.K Menon, Mr. Siddeek Ahamed Haji and Mr. Ramnath are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

AUDITORS

M/s. Sundar, Srini & Sridhar, Statutory Auditors hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received a communication from M/s. Sundar, Srini & Sridhar that their reappointment, if made, would be within the prescribed limits specified in Companies Act, and that they are not disqualified for reappointment.

PARTICULARS OF EMPLOYEES

There are no employees in the company whose particulars are to be stated as provided in Section 217(2A) of the Companies Act 1956.

ENERGY CONSERVATION, TECHNOLOGY

ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The company is yet to commence commercial operations and consequently particulars on energy conservation, technology absorption and foreign exchange earnings and outgo are NIL.

COMPLIANCE CERTIFICATE

During the year under review, the company has complied with the provisions of the Companies Act 1956. A copy of the certificate issued by a Secretary in whole time practice in this regard is annexed to and is part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act 1956, Board of Directors confirm that :

1. applicable accounting standards had been followed along with proper explanation relating to material departures in the preparation of the annual accounts;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

Company at the end of the financial year and of the loss of the Company for that period;

3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENT

Your Directors place on record their sincere thanks to all concerned for their support and co-operation.

For and on behalf of the Board

Kochi
21.07.2014

T Balakrishnan
Chairman

INDEPENDENT AUDITORS' REPORT

To the Members of INKEL-KINFRA INFRASTRUCTURE PROJECTS LTD

Report on the Financial Statements

We have audited the accompanying financial statements of **INKEL-KINFRA INFRASTRUCTURE PROJECTS LTD** ('the Company') which comprise the Balance Sheet as at **31st March 2014**, the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial Statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 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. 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.

Auditor's Responsibility

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of 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 the entity'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.

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

Opinion

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:

- a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date.

Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, 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.
2. As required by Section 227(3) of the Act, we report that:
 - i 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;
 - ii 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;
 - iii The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt

with by this Report are in agreement with the books of account;

- iv In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of 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
- v On the basis of written representations received from the Directors as at 31st March, 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

For **Sundar Srini & Sridhar**

Chartered Accountants

Firm Registration Number: 004201S

A.PARASURAMAN

Partner

Membership Number: 022882

Ernakulam,

June 26, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT:

The Annexure referred to in our report to the members of INKEL-KINFRA INFRASTRUCTURE PROJECTS LTD ('the company') for the year ended 31st March 2014. We report that:

1. The Company does not have fixed assets and hence 4(i) of the Order is not applicable.
2. The Company does not have inventories and hence 4(ii) of the Order is not applicable.
3. The Company has neither granted nor taken any unsecured loans/ advances to companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as defined under the Companies (Acceptance of Deposit) Rules 1975 read with the section 58A and 58AA of the Companies Act 1956 or any other relevant provisions of the Act & the rules framed there under.
6. In our opinion, the Company has not implemented an internal audit system pending commencement of business activity.
7. During the course of examination of books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the period nor have we been informed of such a case by the management
8. Having regard to the nature of the Company's business/activities/result, clause 4(v), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix), (xx) of CARO Order 2003 are not applicable.

For **Sundar Sridhar & Sridhar**
Chartered Accountants
Firm Registration Number: 004201S

A. PARASURAMAN
Partner
Membership Number: 022882

Ernakulam,
June 26, 2014.

INKEL - KINFRA INFRASTRUCTURE PROJECTS LIMITED
INKEL CENTRE, THRIKKAKARA, COCHIN - 682021

Balance Sheet as at 31st March, 2014

(in Rupees)

	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2.1	1,000,000	1,000,000
(b) Reserves and Surplus	2.2	(8,558,498)	(8,421,647)
(c) Money Received against Share Warrants		-	-
(2) Share Application Money Pending Allotment		-	-
(3) Non - Current Liabilities			
(a) Long - Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long - Term Liabilities	2.3	14,314,207	14,093,292
(d) Long - Term Provisions		-	-
(4) Current Liabilities			
(a) Short - Term Borrowings		-	-
(b) Trade Payables	2.4	20,000	20,000
(c) Other Current Liabilities		-	-
(d) Short - Term Provisions		-	-
Total		6,775,709	6,691,645
II. ASSETS			
(1) Non - Current Assets			
(a) Fixed Assets			
(i) Tangible Assets		-	-
(ii) Intangible Assets		-	-
(iii) Capital Work-in-Progress			
(iv) Intangible Assets under Development	2.5	6,528,688	6,446,520
(b) Non - Current Investments		-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long - Term Loans and Advances		-	-
(e) Other Non - Current Assets	2.6	144,000	144,000
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories		-	-
(c) Trade Receivables		-	-
(d) Cash and Cash Equivalents	2.7	10,510	11,162
(e) Short -Term Loans and Advances		-	-
(f) Other Current Assets	2.8	92,511	89,963
Total		6,775,709	6,691,645
Notes Forming part of the Financial Statement		1 & 2	

For and on behalf of the Board of Directors

T. Balakrishnan, Chairman

S. Ramnath, Director

20th June 2014
Ernakulam

As per our Report of even date

For Sundar Sridhar & Sridhar
Chartered Accountants

A. Parasuraman
(Partner)
M No. 022882
Firm No.004201S

INKEL - KINFRA INFRASTRUCTURE PROJECTS LIMITED
INKEL CENTRE, THRIKKAKARA, COCHIN - 682021

STATEMENT OF PROFIT AND LOSS

(in Rupees)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. Revenue from Operations		-	-
II. Other Income		-	-
III. Total Revenue (I + II)		-	-
IV. Expenses:			
Cost of Materials Consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee Benefit Expense		-	-
Financial Costs		-	-
Depreciation and Amortisation Expense		-	-
Other Expenses	2.9	136,851	843,929
IV. Total Expenses		136,851	843,929
V. Profit Before Exceptional and Extraordinary items and Tax (III-IV)		(136,851)	(843,929)
VI. Exceptional Items - Provision for Bad Debts		-	-
VII. Profit Before Extraordinary items and Tax (V - VI)		(136,851)	(843,929)
VIII. Extra Ordinary Items		-	-
IX. Profit Before Tax (VII - VIII)		(136,851)	(843,929)
X. Tax Expense:			
(1) Current Tax		-	-
(2) Deferred tax		-	-
XI. Profit / (Loss) from the period from continuing operations		(136,851)	(843,929)
XII. Profit / (Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit / (Loss) from Discontinuing Operations (XII - XIII)		-	-
XV. Profit / (Loss) for the period (XI + XIV)		(136,851)	(843,929)
XVI. Earning per Equity Share:			
(1) Basic			
(2) Diluted			
Notes Forming part of the Financial Statement		1 & 2	

For and on behalf of the Board of Directors

T. Balakrishnan, Chairman

S. Ramnath, Director
20th June 2014
Ernakulam

As per our Report of even date

For Sundar Sridhar & Sridhar
Chartered Accountants

A. Parasuraman
(Partner)
M No. 022882
Firm No.004201S

INKEL - KINFRA INFRASTRUCTURE PROJECTS LIMITED
INKEL CENTRE, THRIKKAKARA, COCHIN - 682021

NOTES FORMING PART OF BALANCE SHEET AS ON 31.03.2014

NOTE - 2.1 SHARE CAPITAL

(in Rupees)

	Particulars	No. of Shares	As at 31-03-2014	As at 31-03-2013
SHAREHOLDERS FUNDS				
SHARE CAPITAL				
(a)	Authorised Equity Share Capital			
	Equity Shares of Rs.10/- each (Previous year 2,50,00,000 Equity Shares)	25,000,000	250,000,000	250,000,000
			250,000,000	250,000,000
(b)	Issued, Subscribed and Paid up			
	Equity Shares of Rs.10/- each fully paid up (Of the above 74,000 Shares are held by INKEL being the Holding Company and 26,000 Shares issued for consideration other than cash)	100,000	1,000,000	1,000,000
			1,000,000	1,000,000
(c)	Par Value per Share The Company has one class of shares referred to as Equity Shares with a face value of Rs. 10/- each			
(d)	Reconciliation of Number of shares outstanding			
	Particulars	No. of Shares	As at 31-03-2014	As at 31-03-2013
	Equity Shares			
	Number of Shares Outstanding as on 01.04.2013	100,000	1,000,000	10,000,000
	Shares issued during the period	-	-	-
	Shares Brought back during the period	-	-	-
	Number of shares Outstanding as on 31.03.2014	100,000	1,000,000	10,000,000
(e)	Rights , Preferences and restrictions attached to each class of shares No such rights , Preferences , restrictions etc. attached	Nil	Nil	Nil
(f)	Shares held by Holding Company , Subsidiary Company , Associates etc			
	Shares held by			
1	Its Holding Co. & its Ultimate Holding Co. INKEL Limited	74,000	740,000	740,000
2	Subsidiaries of its Holding Co.& its Ultimate Holding Co.	Nil	Nil	Nil
3	Associates of its Holding Co.& Its Ultimate Holding Co.	Nil	Nil	Nil

	Particulars	No. of Shares	As at 31-03-2014	As at 31-03-2013
(g)	Shares held by each shareholder holding more than 5% shares			
	INKEL Limited - 74 % (Previous Year 74 %)	74,000	740,000	740,000
	KINFRA Limited - 26 % (Previous Year 26 %)	26,000	260,000	260,000
(h)	Shares reserved for issue under options and contracts /commitments	Nil	Nil	Nil
(I)	During the last Five years			
	1) Aggregate Number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash	26,000	260,000	260,000
	2) Aggregate number and class of shares allotted as fully paid up by way of Bonus shares	Nil	Nil	Nil
	3) Aggregate number and class of shares bought back	Nil	Nil	Nil
(J)	Terms if any of securities convertible into Equity/ Preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date	Nil	Nil	Nil
(k)	Calls Unpaid			
	By Directors	Nil	Nil	Nil
	By Officers	Nil	Nil	Nil

NOTE - 2.2 RESERVES & SURPLUS

	Particulars	As at 31-03-2014	As at 31-03-2013
a	Capital Reserve	-	-
b	Other Reserves	-	-
c	Surplus balance in the Profit and Loss Account		
	Opening Balance	(8,421,647)	(7,577,718)
	Profit and Loss Account	(136,851)	(843,929)
		(8,558,498)	(8,421,647)
	Less : Dividend	-	-
		(8,558,498)	(8,421,647)

NOTE - 2.3 OTHER LONG TERM LIABILITIES

Particulars		As at 31-03-2014	As at 31-03-2013
Other Long Term Liabilities			
INKEL Ltd - Intercompany Advance		14,314,207	14,093,292
		14,314,207	14,093,292

NOTE - 2.4 TRADE PAYABLE

Particulars		As at 31-03-2014	As at 31-03-2013
Trade Payable			
Suppliers / Services / Consultants			
- Audit Fee		20,000	20,000
- Consultants			-
		20,000	20,000

NOTE - 2.5 PROJECT DEVELOPMENT EXPENSE PENDING CAPITALISATION / ADJUSTMENTS

Particulars		As at 31-03-2014	As at 31-03-2013
Intangible Work - in - Progress		6,528,688	6,446,520
		6,528,688	6,446,520

NOTE - 2.6 OTHER NON CURRENT ASSET

Particulars		As at 31-03-2014	As at 31-03-2013
KINFRA (Receivable against Lease Premium)		144,000	144,000
		144,000	144,000

NOTE - 2.7 CASH & CASH EQUIVALENTS

Particulars		As at 31-03-2014	As at 31-03-2013
Cash on Hand		-	-
Balance with Bank			
In Current Account		10,510	11,162
		10,510	11,162

NOTE - 2.8 OTHER CURRENT ASSETS

Particulars		As at 31-03-2014	As at 31-03-2013
Service Tax I/P Receivable		92,511	89,963
		92,511	89,963

For and on behalf of the Board of Directors

T. Balakrishnan, Chairman

S. Ramnath, Director

20th June 2014
Ernakulam

As per our Report of even date

For Sundar Srini & Sridhar
Chartered Accountants

A. Parasuraman
(Partner)
M No. 022882
Firm No.004201S



INKEL - KINFRA INFRASTRUCTURE PROJECTS LIMITED
INKEL CENTRE, THRIKKAKARA, COCHIN - 682021

**NOTES FORMING PART OF STATEMENT OF
PROFIT AND LOSS ITEMS AS ON 31.03.2014**

NOTE - 2.9 OTHER EXPENSE

(in Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
OTHER EXPENSES		
Travelling Expense	514	-
Audit Fee & Expense		
- Statutory Audit Fee	20,000	20,000
- Other audit expense	6,500	6,500
Board Meeting expense	81,507	36,463
Filing Fee & ROC/Income Tax	2,500	2,962
Office General expense	250	700
Printing & Stationary	2,920	-
Professional Charges & Legal Fee	22,008	772,849
Bank Charges	652	4,455
	136,851	843,929

For and on behalf of the Board of Directors

T. Balakrishnan, Chairman

S. Ramnath, Director

20th June 2014
Ernakulam

As per our Report of even date

For Sundar Srini & Sridhar
Chartered Accountants

A. Parasuraman
(Partner)
M No. 022882
Firm No.004201S

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

1. (I) Significant Accounting Policies

a. **Basis of Accounting**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") which continue to be applicable in respect of Section 133 of the Companies Act 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13, September 2013 of the Ministry of Corporate Affairs and the relevant provisions of the 1956 Act/2013 Act, as applicable..

The Company maintains its accounts on accrual basis following the Historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

b. **Use of Estimates**

The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable .Future results may differ due to these estimates and differences between actual and the estimates are recognized in the periods in which the results are known or materializes.

c. **Depreciation and amortization**

Depreciation on fixed assets as and when added will be provided on Written down value method (pro-rata on additions and deletions during the year), at rates prescribed in Schedule XIV of the Companies Act 1956.

d. **Tangible Fixed Assets**

Fixed assets as and when added will be stated at cost of acquisition till the date of installation of the assets and improvement thereon less accumulated Depreciation.

e. **Projects development expenses**

Revenue expense incurred in connection with Project development, upto the transfer of such expense to the Project are treated as Project development expense pending capitalisation/ adjustment. These expenses are shown under intangible assets under development

f. **Borrowing Costs**

No Borrowing costs are attributable to the acquisition, construction of a qualifying asset and hence not capitalized. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of fixed assets are charged to the statement of Profit and Loss.

g. **Taxation**

- i) Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income Tax Act, 1961.
- ii) Deferred tax is recognized on timing difference between the accounting income and the taxable income that originates in one period and is capable of reversal in one or more subsequent period and quantified using the tax rates and laws enacted as on the Balance Sheet date.
- iii) Deferred tax Assets are recognized and carried forward 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.

h. Prior Period items and changes in Accounting policies

Prior period adjustments and extraordinary items having material impact (above Rupees Fifty Thousand) on the financial affairs of the Company are disclosed in the accounts - current year Rs. Nil (Previous year Rs.Nil).

(II). Additional Information.

- a. Contingent liabilities are assessed after a careful evaluation of the facts and legal aspects and is Rs Nil for the year (previous year-Nil)
- b. Managerial Remuneration-NIL
- c. The company has entered agreement with KINFRA as per Govt. Order No.1176/2009/ID dt 31-08-09 for developing of 3.37 acres of land at Vellayil and 85 acres at Ramanattukura under long term lease for 90 years .Pending execution of the agreements till date no lease premium is amortised during the period under review.

d. Disclosure under section 22 of the Micro , Small and Medium Enterprises Development Act 2006.

No amount is due to any unit covered under 'The Micro, Small and Medium Enterprises Development Act, 2006, which are outstanding for more than 45 days as at 31st March 2014. This has been determined to the extent such parties have been identified on the basis of information available with the Company.

(III). Segment Information

- a. The Company is engaged in providing infrastructure facilities and other services in connection with infrastructure projects. In the opinion of the management, this is the

only primary reportable segment within the meaning of Accounting Standard-17 notified by the Companies (Accounting Standard) Rule 2006.

(IV). Disclosure in accordance with Accounting Standard – 18 Related Party Transactions.

- a) Relationships during the year
 - i) Holding Company
 - a. INKEL Limited – 74 % Share
 - ii) Subsidiary
 - iii) Key Management Personnel
T. Balakrishnan , Chairman
 - b) Transactions / balances out standing with Related Parties:

Amount Rs. In Lacs)

Particulars	INKEL Ltd	KINFRA Ltd
Loans and advances to Holding Company (Inter Corporate Advance)	143.14	-
Amount receivable against Lease Premium	-	1.44

- ii) Remuneration to Key management Personnel: Rs. Nil
- iii) Interest on Inter corporate Advance has not been charged by INKEL Limited during the year 2013-14

(V). Earnings per share:

	<u>2013-14</u>	<u>2012-13</u>
Basic EPS :	Nil	Nil
Diluted EPS :	Nil	Nil

(VI). Figures have been rounded off to the nearest rupee. Previous year figures have been regrouped / reclassified wherever necessary.

ATTENDANCE SLIP

(Please complete this attendance slip and
hand over at the entrance of the Meeting hall)

I hereby record my presence at the
SEVENTH ANNUAL GENERAL MEETING

of

INKEL Limited

held at 10.00 A.M on 29th August 2014

at Grand Hotel Cochin

Full name of the Member : _____

Folio No. : _____ No. of shares : _____

Name of Proxy : _____

Member's/Proxy's Signature : _____

PROXY FORM

Folio No :

No. of Shares held :

I/Webeing a shareholder(s) of INKEL LIMITED hereby
appoint.....of.....or failing him/ her
..... of as my/our
proxy to attend and vote for me/us on my/our behalf at the SEVENTH ANNUAL GENERAL
MEETING of the Company to be held on..... and at any adjournment(s) thereof.

Dated thisday of2014

Signature

Affix
Revenue
Stamp

Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.



Registered Office :
INKEL Centre, Vallathol Jn., Seaport-Airport Road, Thrikkakara, Cochin- 682 021, India
Website : www.inkel.in