

# ANNUAL | 2017 REPORT | 2018

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## INKEL LIMITED

CIN : U45209KL2007PLC020471

Registered Office : 2nd Floor, Ajiyal Complex, Post Office Road, Kakkanad, Kochi - 682030

### CHAIRMAN

#### Shri A C Moideen

Hon'ble Minister (Industries, Textiles, Sports & Youth Affairs)  
Government of Kerala

### DIRECTORS

#### Dr. K Ellangovan IAS

Principal Secretary (Industries)

#### Shri Varghese Kurian

Managing Director, ALNAMAL Group

#### Shri C K Menon

Chairman & MD, Behzad Group

#### Shri C V Rappai

Director & GM, Video Home

#### Shri Mohamed Althaf

Regional Director, Lulu Group

#### Shri M M Abdul Basheer

Managing Director, IGCL

#### Dr. M Beena IAS

Managing Director, KSIDC

#### Shri P Nandakumaran

Former Managing Director, SBT

#### Smt. Pamela Anna Mathew

Managing Director, OEN India Limited

### MANAGING DIRECTOR

#### Dr. Mohammed Sagheer

### COMPANY SECRETARY

K Padmadasan

### CHIEF FINANCIAL OFFICER

George Raphael V.P.

### STATUTORY AUDITORS

Varma & Varma, Chartered Accountants, Cochin

### BANKERS

State Bank of India, Federal Bank Limited

## NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of the company will be held on Monday, the 20<sup>th</sup> day of August, 2018 at 10.30 AM at Grand Hotel, M.G. Road, Cochin to transact following business .

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company (including consolidated financial statements) for the Financial Year ended 31<sup>st</sup> March, 2018 together with the Reports of the Directors and Auditors thereon.
2. To declare a Dividend on equity shares for the Financial Year ended March 31, 2018.
3. To appoint a Director in place of Dr. M Beena IAS (DIN-03483417) who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. C.V. Rappai (DIN-02011057) who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS

5. To consider and if thought fit approve with or without modification(s) the following as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment(s) thereof for the time being in force) Dr. Mohammed Sagheer (DIN - 02802910) who was appointed as a Director with effect from 17.08.2017 by the Board of Directors of the Company and who in terms of Section 161 of the Companies Act, 2013 holds office upto the date of this Annual General Meeting be and is hereby appointed as an Executive Director of the Company, not liable to retire by rotation.

6. To consider and if thought fit approve with or without modification(s) the following as a Special Resolution:

RESOLVED THAT the consent of the company be and is hereby accorded to grant inter- corporate loan to the Associate Company, MIV Logistics Private Limited, subject to one time limit of Rs. 1 crore for a tenure of 2 years, at an interest rate of 12% p.a.

7. To consider and if thought fit approve with or without modification(s) the following as a Special Resolution:

RESOLVED THAT the consent of the company be and is hereby accorded to grant inter- corporate loan to the Subsidiary Company, INKEL-KSIDC Projects Limited, subject to one time limit of Rs. 1 crore for a tenure of 2 years, at an interest rate of 12% p.a.

8. To consider and if thought fit approve with or without modification(s) the following as a Special Resolution:

RESOLVED THAT the consent of the company be and is hereby accorded to grant inter- corporate loan to the Subsidiary Company, INKEL-EKK Roads Private Limited, subject to one time limit of Rs. 8 crores , repayable on receipt of Annuity, at an interest rate of 12% p.a.

9. To consider and if thought fit approve with or without modification(s) the following as a Special Resolution:

RESOLVED THAT the consent of the company be and is hereby accorded to grant inter- corporate loan to the Subsidiary Company, INKES Trade Centre Limited, subject to one time limit of Rs. 3 crores, for a tenure of 2 years, at an interest rate of 12% p.a.

10. To consider and if thought fit approve with or without modification(s) the following as a Special Resolution:

RESOLVED THAT the consent of the company be and is hereby accorded to provide requisite Corporate Guarantee in favour of Federal Bank Limited, Ernakulam for and on behalf of Seguro Foundations & Structures Private Limited for availing working capital limit of Rs. 90 crore sanctioned by the Bank.

RESOLVED FURTHER THAT a Guarantee Fee of 1% on the outstanding amount to be charged at the end of every Financial Year.

RESOLVED FURTHER THAT Dr. Mohammed Sagheer, Managing Director be and is hereby authorized to execute Guarantee Agreement and such other documents as may be found necessary in this regard, on behalf of the Company.

11. To consider and if thought fit approve with or without modification(s) the following as a Special Resolution:

RESOLVED THAT consent of the company be and is hereby accorded to provide required Corporate Guarantee for a value of Rs. 23 crores to MIV Logistics Private Limited.

RESOLVED FURTHER THAT a Guarantee Fee of 1% on the outstanding amount to be charged at the end of every Financial Year.

RESOLVED FURTHER THAT Dr. Mohammed Sagheer, Managing Director be and is hereby authorized to execute Guarantee Agreement and such other documents as may be found necessary in this regard, on behalf of the Company.

12. To consider and if thought fit approve with or without modification(s) the following as a Special Resolution:

RESOLVED THAT pursuant to Section 179 (3)(d) and other applicable provisions, if any, of the Companies Act, 2013 or subject to such modification and re-enactment thereof, consent of the Company be and is hereby accorded to avail working capital loan upto Rs. 25 crores from a Scheduled Bank by mortgaging required extent of land at Palakkad.

19.07.2018

Cochin

By Order of the Board

Sd/-

K Padmadasan

Company Secretary

## Notes

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") may appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting. Form of Proxy is attached at the end of the Annual Report.  
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Members of the Company had approved appointment of M/s. Varma & Varma Chartered Accountants as the Statutory Auditors at the AGM held on 26.08.2015 which is valid till 12th AGM of the company to be held in the year 2019. In accordance with the Companies (Amendment) Act 2017 enforced on 7th May, 2018 by Ministry of Corporate Affairs, the appointment is not required to be ratified at every AGM.
4. Members are requested to hand over the enclosed attendance slip, duly signed in accordance with their specimen signature (s) registered with the Company for admission to the meeting hall where the Annual General Meeting is proposed to be held.
5. Dividend recommended by the Board of Directors, if approved by the members at the Annual General Meeting will be paid within the time limit specified in the Act to those members whose names appear on the Company's Register of Members as on 31.03.2018, being the Record Date fixed by the Board.
6. 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 124 read with Section 125 of the Companies Act, 2013, 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 2014, 31st March 2015, 31st March 2016 and 31st March 2017. Details of the unclaimed/unpaid dividend are also uploaded on the company's website [www.inkel.in](http://www.inkel.in). Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the company.
7. Members, who have not updated their Bank A/c details, so far, are requested to submit the bank a/c details in the form annexed at the end of this report.
8. As a measure of austerity, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the Meeting.
9. The route map showing the directions to reach the venue of the 11th Annual General Meeting is annexed hereto.
10. All documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days between 10.00 am to 01.00 pm up to and inclusive of the date Annual General Meeting.

## **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 THE ACT**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

### **Item No.5**

Dr. Mohammed Sagheer was appointed as a Director by the Board under Section 161 of the Companies Act 2013 with effect from 17.08.2017 which requires regularization. The Board recommends his appointment as an Executive Director of the company. As required by Section 160 of the Act, notice has been received from a member signifying his intention to propose appointment of Dr. Mohammed Sagheer as a Director along with a deposit of specified amount as mentioned in the Section.

Except, Dr. Mohammed Sagheer no other Directors of the company are concerned or interested in the proposed resolution.

### **Item No.6,7,8 & 9**

The Companies (Amendment) Act, 2017 has made Amendments to Companies Act, 2013 which include amendment to Section 185 of Companies Act, 2013 related to Loans to Directors, etc. With these amendments, the Companies can now advance any loan, including loan represented by a book debt, give any guarantee or provide any security in connection with any loan taken by any person in whom the Director is interested.

Requests have been received from INKEL -KSIDC Projects Limited, INKEL -EKK Roads Private Limited and INKES Trade Centre Limited for extending inter-corporate loan of Rs. 1 crore, Rs. 8 crores and 3 crores respectively. Requests has also been received from MIV Logistics Private Limited for funds and as an enabling measure, it is also proposed to seek approval of the Board / General Meeting for a limit of Rs. one crore to MIV.

The Board of Directors of the company at its meeting held on 19th June 2018 decided to extent the inter - corporate loan, subject to the approval of the members.

The Board recommends the Resolution for approval by the Members of the Company.

Directors Dr. Mohammed Sagheer, Mr. Varghese Kurian, Mr. C K Menon, Mr. C V Rappai, Mr. Mohamed Althaf and Mr. Abdul Basheer are Nominee Directors of INKEL on the board of INKEL-KSIDC Projects Limited. To that extent they are concerned or interested in the proposed resolution.

Directors Dr. Mohammed Sagheer and Mr. M M Abdul Basheer are Nominee Directors of INKEL on the board of INKEL-EKK Roads Private Limited, INKES Trade Centre Limited and MIV Logistics Private Limited. Mr. C.K. Menon is also a Nominee Director on the board of MIV. To that extent they are concerned or interested in the proposed resolutions.

### **Item No.10**

Seguro Foundations & Structures Private Limited, one of our subsidiary company, has extended working capital facilities by the Federal Bank Limited. The Bank has agreed to enhance the present facility of Rs. 50 crores to Rs. 90 crores. The revised limit was sanctioned by Federal Bank against the Corporate Guarantee of INKEL for equivalent amount.

The Board of Directors of the company at its meeting held on 19th June, 2018 decided to extent the Guarantee, subject to the approval of the members.

The Board recommends the Resolution for approval by the Members of the Company.

Directors Dr. Mohammed Sagheer and Mr. M M Abdul Basheer are Nominee Directors of INKEL on the Board of Seguro Foundations & Structures Private Limited. To that extent they are concerned or interested in the proposed resolution.

### **Item No.11**

MIV Logistics Private Limited, our Associate Company had borrowed Rs.35.50 crore from SBT during the year 2012-13 for setting up Container Freight Station at Vallarpadam. Later, part repayment of Rs.11.50 crore was made in 2015-16 from out of the Preference capital infused from INKEL. Further, in compliance of the sanction letter, Rs.1.41crore was repaid, thus the balance Loan outstanding as at 31.03.2018 is Rs.22.59 crore.

With the enactment of Companies (Amendment) Act, 2017, restriction for providing corporate guarantee to companies having common Directors have been removed and INKEL Limited can now extend corporate guarantee to the lender on behalf of MIV. The rate of Interest presently charged by SBI is 10.40% and it is felt that if the corporate guarantee is extended from INKEL, the same could be brought down to about 9.50 - 9.75 %.

The Board of Directors of the company decided to extend Corporate Guarantee for a value of Rs. 23 crore to MIV by charging a guarantee fee of one percent on the outstanding amount at the end of every Financial Year.

The Board recommends the Resolution for approval by the Members of the Company.

Directors Dr. Mohammed Sagheer, Mr. M M Abdul Basheer and Mr. C.K. Menon are Nominee Directors of INKEL on the Board of MIV Logistics Private Limited. To that extent they are concerned or interested in the proposed resolution.

### **Item No. 12**

The Working Capital requirement of the Company is now mobilized through collection from Lease premium of Tower 1 & Tower 2 at Angamaly and other receipts from the areas / verticals viz; Solar Implementation Project, Project Management Consultancy, Facility Management, Rental / Interest Income etc.

To finance the expanded business activities, especially in Solar and other Verticals, the Company needs regular Working Capital limits of about Rs 15 crore. In addition, a sub limit of Rs 10 crore is required to arrange BG towards EMD/ Security deposit and LC etc.

INKEL had procured a land parcel of 124.23 acres at Palakkad, with a purchase value of Rs 30 crore, which can now be offered as collateral security for the proposed limits. It is proposed to avail a Working Capital limit up to Rs 25 crore (both Fund and non fund based) from Scheduled Bank who offer the best rate by mortgaging required extent of land at Palakkad.

The Board of Directors of the company decided to avail a working capital limit upto Rs. 25 crore (both fund and non fund based) from a Scheduled Bank by mortgaging the required extent of land at Palakkad.

The Board recommends the Resolution for approval by the Members of the Company.

None of the Directors are concerned or interested in the proposed resolution.



## REPORT TO SHARE HOLDERS

Dear Members,

The Board of Directors is happy to present the Report of the Business and Operations of your company together with the statutory documents for the Financial Year ended March 31, 2018.

### Operational Results

During the Year the Company registered an all time turnover of Rs.52.78 Crores.

### Dividend

Your Directors propose a dividend of 35 paise on equity shares of Rs.10/- each for the financial year ended 31st March, 2018.

### Share Capital

During the Year the Company announced a Rights Issue at the ratio of 1 share each on every 4.41(approx.) shares or proportion thereof at a premium of Rs. 5/- on every share of Rs.10/- each.

The total subscription as on the 30th June, 2018 stood at 173112220 shares of Rs.10/- each, leaving the unsubscribed portion at 26887780 shares. The Company has taken up with the Government of Kerala, KSIDC and KINFRA requesting subscription of their eligibility and to reduce the shortfall to the extent possible. While a favourable decision is expected shortly, your Directors have examined different options and a firm view would emerge once the evaluation of the options are complete.

### Operations

The year was a land mark in the operations of the Company as several important projects listed below were secured or commissioned:

### HealthCare

The Company was conferred with the status of a Special Purpose Vehicle by Government of Kerala for execution of major health care projects under its 'Healthcare to the Poor' mission. These include Cochin Cancer Hospital and Research Centre; Ernakulam Medical College; Thiruvananthapuram Medical College; Wynad Medical College; General Hospitals at Ernakulam, Punalur, Chirayinkeezhu, Kottayam and many more aggregating to a project value of nearly Rs.3000 Crores.

The Company is entitled to a specified percentage of the project cost for implementing the projects and successful completion of these Projects would take the Company to the unique position of the implementing agency of the largest healthcare projects in Kerala, if not in the country itself. Over the years, this experience is certain to equip the Company to undertake similar large projects all over the country.

### Other GoK Assignments

Government of Kerala have also appointed the Company as either as an SPV or awarded the assignments on deposit work basis for jobs aggregating to approximately Rs.400 Crores. These include KINFRA Defence Park, Kerala State Coir Corporation, ETP Chandiroor, KINFRA Mega Food Park, Musiris Heritage Project, KSIDC Life Science Park, Alappuzha Mobility Hub and Alappuzha Heritage project. This is another recognition by the Government of Kerala of the capacity and ability of the Company to undertake and complete time bound jobs.

## Solar Energy

Your Company registered a major success in Solar Energy business with a turnover of Rs. 20 Crores taking the company to the status of one of the major companies in the renewable energy segment.

## Road Projects

The Company in joint venture with M/s. EKK Infrastructure Limited completed its first PPP Road project with a value of Rs.161.48 Crores, in May 2018, five months ahead of the scheduled completion date. The Concession period of the Project is 15 years with 2 years for Construction and 13 years for Maintenance.

## Acquisition of Seguro Foundations & Structures Pvt. Ltd.

During the year under review, the company acquired majority shares in Seguro Foundations and Structures Private Limited (SFSPL), Cochin, which has to its credit numerous Bridge Projects including 5 Bridge Projects jointly executed / being executed by a Limited Liability Partnership Firm, 'Seguro-INKEL Consortium LLP'. By virtue of its majority holding SFSPL is now a subsidiary of INKEL.

Since take over Seguro has bagged orders worth Rs.185 Crores from BPCL, Kerala PWD, National Highways and Kerala Education Department.

## INKEL Business Park IBP Angamaly

Company's two Towers at the IBP have attracted entrepreneurs and investments from different segments of the Industry. The total space constructed at this park is 4.25 lac square feet. While Tower I is fully occupied, one floor of the Tower II is vacant and it is quite likely that this space also would be leased in the next two to three months. In the wake of this success, over the next couple of years, 4 more Towers are being planned at the Business Park. The work on the first tower would start in two months.

## INKEL Greens Malappuram

Against heavy odds like lack of external physical infrastructure, huge land development costs and above all the most inhospitable terrain, the Company has succeeded in transferring it as a destination for education and industry. There are at present 14 functional industrial units, 16 units in different stages of implementation, 2 educational units including a joint venture of the Company with NTTF and 3 in various stages of implementation. There is a continuous flow of entrepreneurs to the INKEL Greens and over the years, with some improvement in infrastructure, the complex is likely to become a sought after destination for small and medium scale industrial units and educational units.

## City Centre Trivandrum

The Project was pending clearance from Regional Town Planner and this has since been received. Work is expected to commence shortly.

## INKEL KINFRA JV

This JV was formed for development of lands at Ramanattukara and Vellayil. Since the lands were not transferred to the JV and the project could not materialize, it has been decided to strike off this JV and the process is on. Meanwhile, a major part of the expenditure incurred by the Company on the JV so far would be reimbursed by KINFRA, as per directions of the Government.

## **The way forward**

With the success of the Road Project, the Company is now preparing to bid for major Road Projects in Kerala and outside, as a developer. With Seguro in the Group, the Company is now in a unique position of undertaking execution of such major projects. Seguro, on its part would also continue to scout for projects independently.

## **Annual Return**

In accordance of Section 134(3)(a) of the Companies Act 2013 an extract of Annual Return in the prescribed format is attached as Annexure to this report.

## **Directors Responsibility Statement**

### **Your Directors state that**

- a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have 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 as at March 31, 2018 and of the profit and loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **Reporting of fraud by Auditors**

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor has reported to the Audit Committee under Section 143 (12) of the Companies Act 2013, any instances of fraud committed against the company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

## **Declaration by Independent Directors**

The company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act 2013.

## **Board Evaluation**

The Nomination & Remuneration Committee of the Board has been entrusted with the responsibility of evaluation of the Board.

## **Audit Report and Auditors**

### **Statutory Auditors**

At the Annual General Meeting held on 26th August 2015 M/s. Varma & Varma Chartered Accountants were appointed as the Statutory Auditors of the company to hold office till the conclusion of 12<sup>th</sup> Annual General Meeting to be held in the year 2019.

The Auditors Report for the FY 2017-18 does not contain any qualification, reservation or adverse remarks. The Auditors Report is enclosed with the financial statements in this report.

### **Secretarial Auditors**

As required under Section 204 of the Companies Act, 2013 and rules thereunder, the Board has appointed Mr. T R Sreeram, Practicing Company Secretary, as Secretarial Auditor for FY 2017-18.

With regard to the Secretarial Auditors' observation, steps have been initiated for the establishment of Vigil Mechanism as stipulated under Section 177(9) of the Companies Act, 2013 and necessary steps have been initiated for the establishment of Annual performance of the Board, the Committees and Individual Directors in terms of Section 134(3) (P) of the Companies Act, 2013.

### **Loans Guarantees Investments**

Being a company engaged in the business of providing infrastructure facilities, provisions of Section 186 is not applicable to the company. However loans, guarantees or investments covered under the Section form part of the notes to the financial statements provided in this Annual Report.

### **Contracts or arrangements made with related parties**

All contracts / arrangements / transactions entered by the Company during the Financial Year with related parties were in its ordinary course of business and on an arms' length basis.

### **Material change and commitments affecting financial position**

During the year under review, the company has acquired 65% equity shares of Seguro Foundations & Structures Pvt. Ltd. Apart from this, there was no material changes or commitment affecting financial position of the company between the end of the financial year and date of the Report.

### **Corporate Social Responsibility**

INKEL through its Corporate Social Responsibility initiatives shall strive to enrich the quality of life in different segments of the society. The Annual Report on the CSR activities is annexed to the Board's Report.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure to this Report

### **Subsidiaries & Associates**

As on 31st March, 2018, the company has 7 subsidiaries and 2 associates. The consolidated financial statements of the company and the subsidiaries, form part of this Annual Report in accordance with Section 129(3) of the Companies Act, 2013. Further a statement containing the salient features of

the financial statements of our subsidiaries /associates in the prescribed format AOC -1 is appended as Annexure - 1 to this Report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the company and the audited accounts of the subsidiaries are available on our website [www.inkel.in](http://www.inkel.in).

## **Corporate Governance**

Corporate Governance Report for the FY 2017-18 forms part of this report.

### **Number of meetings of the Board**

The Board met 4 times during the financial year, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act 2013. Specific details of the meetings are provided in the Corporate Governance Report which forms part of this Annual Report.

### **Directors and Key Managerial Personnel**

The term of Mr. T Balakrishnan IAS (Retd.) as Managing Director ended on 16.08.2017. The Board of Directors wishes to place on record its sincere appreciation and gratitude for the dedicated service and invaluable contribution made by Mr. T Balakrishnan IAS (Retd.) during his tenure with INKEL.

In pursuance of the Government Order, the Board of Directors has appointed Dr. Mohammed Sagheer as Managing Director with effect from 17.08.2017 for a period of 5 years. Dr. Mohammed Sagheer was appointed as a Director under Section 161 of the Companies Act, 2013, which requires regularization.

Your Directors recommend his appointment as an Executive Director of your Company, not liable to retire by rotation.

### **Appointments - GoK Nominee**

Dr. K Ellangovan IAS, Principal Secretary (Industries), nominee of Government of Kerala, was appointed as a Director on 07.02.2018 in the place of Shri Paul Antony IAS.

### **Key Managerial Personnel**

In accordance with the provisions of Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, Dr. Mohammed Sagheer, Managing Director, Shri K Padmadasan, Company Secretary and Shri George Raphael, Chief Financial Officer are the key managerial personnel of your Company.

### **Committees of the Board**

As on 31st March 2018, the Board has 4 committees : the Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Share Transfer Committee. All the committees are duly constituted.

### **Fixed Deposits**

The company has accepted deposits during the year under review and complied with all rules and regulations in this regard.

There is no outstanding deposit at the end of the year and the company has not made any default in

repayment of deposits or payment of interest thereon during the year.

### **Internal financial control and its adequacy**

The Board has adopted policies and procedures for ensuring the orderly and efficient control of its business.

### **Significant and Material Orders**

There are no orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **Acknowledgment**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review.

For and on behalf of the Board of Directors

Place: Kochi  
Date : 19.06.2018

Dr. Mohammed Sagheer  
Managing Director

M M Abdul Basheer  
Director

**Statement containing salient features of the financial statement  
of subsidiaries associate companies joint ventures**

**FORM NO. AOC 1**

**Part A Subsidiaries**

**Rs lakhs**

| Sl No. | Name of subsidiary              | Financial period ended | Share capital | Reserves & Surplus | Total assets | Total liabilities | invest-ments | Turnover  | Profit before taxation | Provision for taxation | Profit after taxation | Proposed dividend | % of holding |
|--------|---------------------------------|------------------------|---------------|--------------------|--------------|-------------------|--------------|-----------|------------------------|------------------------|-----------------------|-------------------|--------------|
| 1      | INKEL-EKK ROADS Pvt Ltd         | 31.03.2018             | 2800          | 894.63             | 14100        | 10405.06          | -            | 134,41.94 | 909.33                 | 1.63                   | 907.70                | -                 | 72           |
| 2      | INKEL-KSIDC                     | 31.03.2018             | 2476.14       | (1068.37)          | 4945.06      | 3537.29           | -            | 576.67    | (36.76)                | (13.59)                | (23.16)               | -                 | 74           |
| 3      | INKES TRADE 'CENTRE LTD         | 31.03.2018             | 500           | (57.12)            | 731.16       | 288.28            | -            |           | (10.88)                | -                      | (10.88)               | -                 | 74           |
| 4      | INKEL KINFRA                    | 31.03.2018             | 10            | (10)               | -            | -                 | -            | -         | -                      | -                      | -                     | -                 | 74           |
| 5      | Seguro Foundations & Structures | 31.03.2018             | 954.19        | 1061.05            | 6846.57      | 4831.33           | 323.21       | 5131.22   | (590.06)               | (24.86)                | (565.20)              | -                 | 65           |

Name of subsidiary which have been liquidated or sold during the year : NIL

**Part B Associates & Joint Ventures**

**Amount in lacs.**

| Name of Associate / joint Venture  | MIV Logistics Private Limited                 | Seguro-INKEL Consortium LLP                   |
|--|---|---|
| Latest audited Balance Sheet Date  | 31.03.2018                                    | 31.03.2018                                    |
| Shares of Associate/joint venture held by the company on the year end :<br>No:<br>Amount of Investment:<br>Extend of holding | <br>11829714<br>118297140<br>39.43%           | <br>-<br>-<br>450000<br>45%                   |
| Description of how there is significant influence  | Controls more than 20% of total share capital | Controls more than 20% of total share capital |
| Reason why associate/joint venture is not consolidated   | NA  | NA  |
| Net worth attributable to shareholding as per latest audited Balance Sheet   | -   | -   |

Notes:

Name of associate which is yet to commence operation : NIL

Name of associate which have been liquidated or sold during the year :NIL

## ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013)

INKEL is committed to ensuring the social well being of the communities in the vicinity of its business operations through Corporate Social Responsibility (CSR) initiatives.

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives.

### CSR Committee

The Corporate Social Responsibility (CSR) Committee of the Board is responsible for overseeing the execution of company's CSR policies. The members of the CSR Committee are :

- ▶ Shri Varghese Kurian
- ▶ Shri M M Abdul Basheer
- ▶ Shri Nandakumaran P

The financial details as sought by the Companies Act 2013 for FY 2017-18 are as follows:

| Particulars   | Amount  |
|---|---------|
| Average net profit of the company for last three years                      | 1509.67 |
| Prescribed CSR expenditure (2% of the average net profit as computed above) | 30.19   |

Details of CSR spent during the financial year:

The company has contributed an amount of Rs. 1 Crore to Chief Minister's Distress Relief Fund towards Okhi cyclone relief operations.

In case company has failed to spend 2% of average net profit of the last 3 years, reasons for the same:

NIL

Responsibility statement of the CSR Committee:

It is hereby affirmed that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the project in compliance with our CSR objectives.



## 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 as on 31.03.2018

The present strength of Board of Directors is 11. The details of the directors as at March 31, 2018 is given below:

| Name of Director        | Type of Directorship                |
|-------------------------|-------------------------------------|
| Shri A C Moideen        | Chairman, GoK nominee               |
| Dr. Mohammed Sagheer    | Managing Director, GoK nominee      |
| Dr. K Ellangovan IAS    | Non Executive Director, GoK Nominee |
| Shri C.K.Menon          | Non Executive Director              |
| Shri Varghese Kurian    | Non Executive Director              |
| Shri C.V.Rappai         | Non Executive Director              |
| Shri Mohamed Althaf     | Non Executive Director              |
| Shri M M Abdul Basheer  | Non Executive Director              |
| Smt. M Beena IAS        | Non Executive Director              |
| Shri P Nandakumaran     | Independent Director                |
| Smt. Pamela Anna Mathew | Independent Director                |

#### ii. Board, General Meetings & Attendance

The details of attendance of the directors at the Board and Annual General Meeting are given 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 A C Moideen        | 4  | 1                        | -                        |
| Dr. Mohammed Sagheer    | 3  | 3                        | YES                      |
| Dr. K Ellangovan IAS    | -  | -                        | -                        |
| Shri C.K.Menon          | 4  | 1                        | -                        |
| Shri Varghese Kurian    | 4  | 3                        | -                        |
| Shri C.V.Rappai         | 4  | 3                        | -                        |
| Shri Mohamed Althaf     | 4  | 2                        | -                        |
| Shri M M Abdul Basheer  | 4  | 4                        | YES                      |
| Smt. M Beena IAS        | 4  | 1                        | -                        |
| Shri P Nandakumaran     | 4  | 4                        | YES                      |
| Smt. Pamela Anna Mathew | 4  | 3                        | -                        |

### 3. 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

### Conservation of energy

The operations of the Company involve low energy consumption. Adequate measures have however been taken to conserve energy. The Company has set up business units for Solar Energy and is contributing to the renewable energy generation efforts of the Government.

### Technology absorption, adaptation and innovation

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

### Foreign Exchange Earnings & Outgo

There was no foreign exchange earnings and outgo during the year under report.

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014

**I. REGISTRATION & OTHER DETAILS**

|    |  |  |
|----|--|--|
| 1. | CIN  | U45209KL2007PLC020471  |
| 2. | Registration Date  | 09.03.2007   |
| 3. | Name of the Company  | INKEL Limited  |
| 4. | Category/Sub-category of the Company                                       | Closely held public Company limited by shares  |
| 5. | Address of the Registered office & contact details                         | Door No. 7/473 ZA-5&6, 2nd Floor, Ajiyal Complex, Kakkanad, Cochin - 682030<br>Ph: 0484 - 6491138<br>Email id: deptcs@inkelkerala.com  |
| 6. | Whether listed company   | Unlisted   |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | BGSE Financials Limited<br>Stock Exchange Towers,<br>No. 51, 1st Cross, J. C. Road,<br>Bangalore - 560 027<br>Office : 080-4132 9661<br>Mobile: 0 77609 68051<br>email : rta_admin@bfsi.co.in or<br>manager_rta@bfsi.co.in |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated)

| Sl. No. | Name and Description of main products / services | NIC Code of the 'Product/service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Infrastructural projects                         | 45                               | 100%                               |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name & address of the company                | CIN                   | of shares held | Holding subsidiary Associate | Applicable section |
|----|--|-----------------------|----------------|------------------------------|--------------------|
| 1  | INKEL-KSIDC Projects Limited                 | U74900KL2010PLC025553 | 74             | Subsidiary                   | 2(87) (ii)         |
| 2  | INKEL-KINFRA Infrastructure Projects Limited | U74900KL2010PLC025556 | 74             | Subsidiary                   | 2(87) (ii)         |
| 3  | MIV Logistics Private Limited                | U63012KL2011PTC028839 | 39.43          | Associate                    | 2(6)               |
| 4  | Thalikulam PURA Private Limited              | U45100KL2012PTC030590 | 98.86          | Subsidiary                   | 2(87) (ii)         |
| 5  | Tirurangadi PURA Private Limited             | U45100KL2012PTC030589 | 98.84          | Subsidiary                   | 2(87) (ii)         |
| 6  | INKES Trade Centre Limited                   | U45400KL2014PLC037668 | 74             | Subsidiary                   | 2(87) (ii)         |
| 7  | Seguro - INKEL Consortium LLP                | AAD-1041              | 45             | Associate                    | 2(6)               |
| 8  | INKEL-EKK Roads Private Limited              | U45203KL2016PTC039948 | 72             | Subsidiary                   | 2(87) (ii)         |
| 9  | Seguro Foundations & Structure Pvt Ltd       | U45200KL2007PTC021501 | 65             | Subsidiary                   | 2(87)(ii)          |

### IV. SHARE HOLDING PATTERN

| Name of shareholders               | No. of shares held | Percentage |
|------------------------------------|--------------------|------------|
| Govt. of Kerala                    | 4,05,00,000        | 24.84      |
| Govt. Companies                    | 1,20,00,000        | 7.36       |
| Directors / Relatives of Directors | 6,72,17,000        | 41.23      |
| Foreign Holdings                   | 2,20,00,000        | 13.49      |
| Banks & Corporate Holdings         | 87,00,000          | 5.34       |
| Others                             | 1,26,10,000        | 7.73       |
| TOTAL                              | 16,30,27,000       | 100.00     |

Change in Promoters' Shareholding (please specify, if there is no change)

NIL

**V INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

|  | Secured Loans excluding deposits | Unsecured Loans | Deposits    | Total Indebtedness |
|--|----------------------------------|-----------------|-------------|--------------------|
|  | -                                | 3,00,00,000     | 8,93,94,995 | 11,93,94,995       |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount (Rs)

| Sl. No | Particulars of Remuneration   | Name of MD  |   |
|--------|---|---|---|
|        |   | Mr. T Balakrishnan IAS<br>(01.04.2017-16.08.2017) | Dr. Mohammed Sagheer<br>(17.08.2017 - 31.03.2018) |
| 1      | Gross salary  |   |   |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Rs.29,17,356                                      | Rs.24,27,079                                      |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | NIL   | NIL   |
|        | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | NIL   | NIL   |
| 2      | Stock Option  | NIL   | NIL   |
| 3      | Sweat Equity  | NIL   | NIL   |
| 4      | Commission<br>- as % of profit<br>- others, specify                                 | NIL   | NIL   |
| 5      | Others, please specify  | NIL   | NIL   |
|        | Total   | Rs.29,17,356                                      | Rs.24,27,079                                      |
|        | Ceiling as per the Act  |   |   |

## B. Remuneration to other directors

Amount (Rs)

| SN. | Particulars of Remuneration                | Mr. A C Moideen | Mr. Paul Antony | Mr. Varghese Kurian | Mr. C.K Menon   | Mr. C.V. Rappai | Mr. Mohamed Althaf | Mr. M M Abdul Basheer | Mr. M M Abdul Basheer | Mr. P Nandakumar | Ms. Pamela Anna Mathew | Dr. M Beena     | Total Amount |
|-----|--|-----------------|-----------------|---------------------|-----------------|-----------------|--------------------|-----------------------|-----------------------|------------------|------------------------|-----------------|--------------|
| 1   | Independent Directors                      | -               | -               | -                   | -               | -               | -                  | -                     | -                     | -                | -                      | -               |              |
|     | Fee for attending board/committee meetings | -               | -               | -                   | -               | -               | -                  | -                     | 1,75,000              | 1,35,000         | -                      | 3,10,000        |              |
|     | Commission                                 | -               | -               | -                   | -               | -               | -                  | -                     | -                     | -                | -                      | -               |              |
|     | Others, please specify                     | -               | -               | -                   | -               | -               | -                  | -                     | -                     | -                | -                      | -               |              |
|     | <b>Total 1</b>                             | -               | -               | -                   | -               | -               | -                  | -                     | <b>1,75,000</b>       | <b>1,35,000</b>  | -                      | <b>3,10,000</b> |              |
| 2   | Other Non-Executive Directors              | -               | -               | -                   | -               | -               | -                  | -                     | -                     | -                | -                      | -               |              |
|     | Fee for attending board/committee meetings | -               | 25,000          | 1,05,000            | 25,000          | 1,20,000        | -                  | 1,90,000              | -                     | -                | 25,000                 | 4,90,000        |              |
|     | Commission                                 | -               | -               | -                   | -               | -               | -                  | -                     | -                     | -                | -                      | -               |              |
|     |  | -               | -               | -                   | -               | -               | -                  | -                     | -                     | -                | -                      | -               |              |
|     | <b>Total (2)</b>                           | <b>25,000</b>   | <b>1,05,000</b> | <b>25,000</b>       | <b>1,20,000</b> | <b>-</b>        | <b>1,90,000</b>    | <b>-</b>              | <b>-</b>              | <b>25,000</b>    | <b>25,000</b>          | <b>4,90,000</b> |              |
|     | <b>Total B 1 2</b>                         | <b>25,000</b>   | <b>1,05,000</b> | <b>25,000</b>       | <b>1,20,000</b> | <b>-</b>        | <b>1,90,000</b>    | <b>-</b>              | <b>-</b>              | <b>25,000</b>    | <b>25,000</b>          | <b>8,00,000</b> |              |

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD MANAGER WTD

Amount (Rs)

| SN | Particulars of Remuneration   | Key Managerial Personnel |           |           |
|----|---|--------------------------|-----------|-----------|
|    |   | CS                       | CFO       | Total     |
| 1  | Gross salary  |                          |           |           |
|    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 23,44,016                | 20,02,680 | 43,46,696 |
|    | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 70,163                   | 55,247    | 1,25,410  |
|    | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | NIL                      | NIL       | NIL       |
| 2  | Stock Option  | NIL                      | NIL       | NIL       |
| 3  | Sweat Equity  | NIL                      | NIL       | NIL       |
| 4  | Commission  | NIL                      | NIL       | NIL       |
|    | - as % of profit  | NIL                      | NIL       | NIL       |
|    | others, specify...  | NIL                      | NIL       | NIL       |
| 5  | Others, please specify  | NIL                      | NIL       | NIL       |
|    | Total   | 24,14,179                | 20,57,927 | 44,72,106 |

### VII. PENALTIES PUNISHMENT COMPOUNDING OF OFFENCES

|                              |       |
|------------------------------|-------|
| A. COMPANY                   | : NIL |
| B. DIRECTORS                 | : NIL |
| C. OTHER OFFICERS IN DEFAULT | : NIL |

## SECRETARIAL AUDITREPORT For the Financial Year ended 31st March, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of Companies (Appointment and Remuneration Personnel) Rules, 2014]

### Form MR-3

To,

The Members  
Inkel Limited  
(CIN # U45209KL2007PLC020471)  
Kakkanad, Kochi-682 030.  
Kerala. India.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Inkel Limited (hereinafter called the company). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on the verification of company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the company has followed the Board processes and has the required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Inkel Limited** for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013(the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956('SCRA') and the rules made there under; ***The clause is not applicable as the company is an Unlisted Public Company*** .
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; ***The clause is not applicable as the company is a Unlisted Public Company***
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings (***The clause is not applicable during the Audit period***)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'): (The company being an Unlisted Public Company, Clause (v) and its sub clauses (a) to (h) are not applicable)
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;



- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

I have also examined compliances with respect to:

- (i) The Secretarial Standards, SS-1 and SS-2 issued by the Institute of Company Secretaries of India and as notified by the Ministry of Corporate Affairs, and report that the Company has complied with the said standards.
- (ii) The Listing Agreements entered into by the company with Bombay Stock (s) Exchange Limited, National Stock Exchange of India Limited and London Stock Exchange. ***The Clause is not applicable as the company is an Unlisted Public Company***

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards as mentioned above, subject to the following observations:

- 1. Steps have been initiated for the establishment of Vigil Mechanism as stipulated under Section 177(9) of the Companies Act, 2013.
- 2. As per Management representation, the evaluation of the Board is an ongoing process and necessary steps have been initiated for the establishment of Annual performance of the Board, the Committees and Individual Directors in terms of Section 134(3) (P) of the Companies Act, 2013

I, further report that based on the guidelines issued by the Institute of Company Secretaries of India, on the applicability of industry specific laws as applicable to the company, and as per the information received from the Management and records maintained, the company has in my opinion, generally complied with the provisions of the following industry specific laws to the extent applicable to it:

- (a) Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- (b) Employees State Insurance Act, 1948;
- (c) The Maternity Benefit Act, 1961;
- (d) The Payment of Gratuity Act, 1972;
- (e) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- (f) The Minimum Wages Act, 1948;
- (g) The Payment of Bonus Act, 1965 and
- (h) Kerala Industrial Establishments (National and Festival Holidays) Act, 1958.

### **I further report that**

The Board of Directors of the company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Woman Directors and Independent Directors. The change in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at Board Meetings are carried out and recorded in the Minutes of Meetings of Board of Directors.

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period following Special Resolution was passed having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations and guidelines as applicable:

- (i) On 20/10/2017, a special resolution was passed in terms of Section 188 of the Act for rendering project management services to an Associate Company for the period 20/10/2017 to 31/03/2018 at free of cost.
- (ii) On 29/11/2017, Seguro Foundations and Structures Private Limited became a subsidiary of Inkel Limited.
- (iii) On 27/03/2018, a special resolution was passed for acceptance of unsecured deposit from Members and/or Public.

Signature:

Place: Ernakulam  
Date: 08/06/2018

Name of the Company Secretary: T R Sreeram  
FCS No. : 4926  
C.P. No : 3351

## **Annexure - A**

To,

The Members

Inkel Limited

(CIN # U45209KL2007PLC020471)

Kakkanad, Kochi - 682 030.

Kerala. India.

The report of even date is to be read along with this Annexure.

1. Maintenance of Secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices that were followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of any of the financial records and books of accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. I have based my opinion on the basis of information/records produced by the company during the course of the audit and the reporting is limited to that extent.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Signature:

Place: Ernakulam  
Date: 08/06/2018

Name of the Company Secretary: T R Sreeram  
FCS No. 4926  
C.P. No : 3351

## INDEPENDENT AUDITORS REPORT

To The Members of INKEL Limited  
Thrikkakara

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of INKEL Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Managements Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the following:

1. Note 2.15.2 to the standalone financial statements which state that having regard to the plans for future operations of the subsidiary companies/associate company and the realizable value of assets owned by these Companies, the management is of the opinion that there is no permanent diminution in the value of investments in the subsidiary companies/associate company.
2. Note 2.21.1 to the standalone financial statements which state that having regard to the plans for future operations of the subsidiary company INKEL KSIDC Projects Limited and the realizable value of assets owned by the Company, the management is of the opinion that the loans given to the subsidiary company will be recovered in full.

Our opinion is not modified in respect of the above matters.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial control systems with reference to financial

statements reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.35 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Kochi-19  
Date: 19/06/2018

**For Varma & Varma**  
Chartered Accountants  
(Firm No.004532S)

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094

**"ANNEXURE A" REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF INKEL LIMITED FOR THE YEAR ENDED 31st MARCH 2018**

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) We are informed that fixed assets have been physically verified by the management at reasonable intervals and that no material discrepancies were noticed on such verification.  
(c) According to the information and explanation given to us, the records of the Company examined by us and the confirmation from financial lender in respect of title deeds deposited with them and based on the details of immovable property furnished to us by the Company, the title deeds of the immovable property are held in the name of the Company.
2. According to the information and explanations given to us and the records of the Company examined by us, the inventory has been physically verified by the management at reasonable intervals and that no material discrepancies were noticed on such verification.
3. The Company has granted unsecured loans to two companies and one limited liability partnership covered in the register maintained under Section 189 of the Act. In relation to such loans:-  
(a) In our opinion, the terms and conditions on which the loans have been granted to the companies and limited liability partnership covered in the register maintained under Section 189 of the Act were not prima facie prejudicial to the interest of the Company.  
(b) As per the information and explanations given to us and the records of the Company examined by us, the terms do not stipulate any repayment schedule and the principal and interest are repayable on demand. As stated in Note No. 2.21.3 to the standalone financial statements, the Company has not raised any demand against the above loans during the year.  
(c) There are no overdue amounts in respect of such loans.
4. According to the information and explanations given to us and the records of the Company examined by us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of the loans granted, investments made, guarantees given and security provided by the Company.
5. According to the information and explanations given to us and the records of the Company examined by us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder in accepting deposits from the public during the year.
6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the Company at this stage.
7. (a) As per the information and explanations given to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Cess and other statutory dues as applicable to the Company to the appropriate authorities during the year.



There are no arrears of undisputed statutory dues outstanding at the last day of the financial year 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 Company has no dues of Income Tax, Service Tax, Goods and Service Tax, or Value Added Tax that have not been deposited on account of any dispute.
8. According to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.
9. According to the information and explanations given to us and the records of the Company examined by us, no money has been raised by way of initial public offer or further public offer (including debt instruments) and the term loan availed by the Company have been applied for the purpose for which the loan was obtained.
10. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.
11. According to the information and explanations given to us and based on the examination of the records of the Company, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi company. Accordingly, the reporting requirements under clause (xii) of paragraph 3 of the Order are not applicable.
13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in Note 2.32 to the standalone financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on the examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.
16. According to the information and explanations given to us and the records of the Company examined by us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause (xvi) of paragraph 3 of the Order is not applicable.

Place: Kochi-19  
Date: 19/06/2018

**For Varma & Varma**  
Chartered Accountants  
Firm No.004532S

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094



**"ANNEXURE B" REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF INKEL LIMITED FOR THE YEAR ENDED 31st MARCH 2018**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial control systems with reference to financial statements reporting of INKEL Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls systems with reference to financial statements reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls system with reference to financial statements reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements reporting and their operating effectiveness. Our audit of internal financial controls system with reference to financial statements reporting included obtaining an understanding of internal financial controls system with reference to financial statements reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements reporting.

**Meaning of Internal Financial Controls with reference to Financial Statements reporting**

A company's internal financial controls system with reference to financial statements reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls system with reference to financial statements reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements reporting**

Because of the inherent limitations of internal financial controls system with reference to financial statements reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls system with reference to financial statements reporting to future periods are subject to the risk that the internal financial controls system with reference to financial statements reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2018, based on the internal control with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Kochi-19  
Date: 19/6/2018

**For Varma & Varma**  
Chartered Accountants  
Firm No. 004532S

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094

**INKEL LIMITED  
BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2018**

| Particulars   | Note No. | As at 31.03.2018<br>(In Rupees) | As at 31.03.2017<br>(In Rupees) |
|---|----------|---------------------------------|---------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>  |          |                                 |                                 |
| <b>(1) Shareholders Funds</b>   |          |                                 |                                 |
| (a) Share Capital   | 2.1      | 1,63,02,70,000                  | 1,63,02,70,000                  |
| (b) Reserves and Surplus  | 2.2      | 37,24,81,724                    | 33,85,53,468                    |
| <b>(2) Share Application Money Pending Allotment</b>                          | 2.3      | 23,72,325                       | -                               |
| <b>(3) Non - Current Liabilities</b>  |          |                                 |                                 |
| (a) Long-term Borrowings  | 2.4      | 9,38,43,000                     | 11,21,63,000                    |
| (b) Deferred Tax Liabilities (Net)  | 2.5      | 3,48,14,032                     | 6,00,92,346                     |
| (c) Other Long -Term Liabilities  | 2.6      | 96,51,182                       | 64,28,622                       |
| (d) Long - Term Provisions  | 2.7      | 57,42,296                       | 34,51,389                       |
| <b>(4) Current Liabilities</b>  |          |                                 |                                 |
| (a) Short Term Borrowings   | 2.8      | -                               | 1,03,50,000                     |
| (b) Trade Payables  | 2.9      |                                 |                                 |
| i. Total outstanding dues of micro enterprises and small enterprises; and     |          | -                               | -                               |
| ii. Total outstanding dues other than micro enterprises and small enterprises |          | 11,63,75,327                    | 3,88,81,323                     |
| (c) Other Current Liabilities   | 2.10     | 26,30,95,383                    | 4,76,84,895                     |
| (d) Short Term Provisions   | 2.11     | 4,96,49,189                     | 2,49,76,844                     |
| <b>TOTAL</b>  |          | <b>2,57,82,94,458</b>           | <b>2,27,28,51,887</b>           |
| <b>II. ASSETS</b>   |          |                                 |                                 |
| <b>(1) Non - Current Assets</b>   |          |                                 |                                 |
| (a) Fixed Assets  |          |                                 |                                 |
| (i) Tangible Assets (Property, Plant and Equipment)                           | 2.12     | 62,03,53,557                    | 66,45,07,268                    |
| (ii) Intangible Assets  | 2.12     | 1,77,267                        | 2,26,548                        |
| (iii) Capital Work - in - Progress  | 2.13     | -                               | 75,000                          |
| (iv) Intangible assets under development                                      | 2.14     | 6,59,375                        | -                               |
| (b) Non - Current Investments   | 2.15     | 85,05,75,103                    | 59,18,63,033                    |
| (c) Long - Term Loans and Advances  | 2.16     | 12,64,16,357                    | 9,78,36,781                     |
| (d) Other non-current assets  | 2.17     | 1,33,53,705                     | 2,57,50,342                     |
| <b>(2) Current Assets</b>   |          |                                 |                                 |
| (a) Inventories   | 2.18     | -                               | -                               |
| (b) Trade Receivables   | 2.19     | 19,47,86,146                    | 16,95,41,643                    |
| (c) Cash and Cash Equivalents   | 2.20     | 37,71,80,485                    | 34,12,84,792                    |
| (d) Short - Term Loans and Advances   | 2.21     | 39,20,54,626                    | 37,54,53,508                    |
| (e) Other Current Assets  | 2.22     | 27,37,837                       | 63,12,972                       |
| <b>TOTAL</b>  |          | <b>2,57,82,94,458</b>           | <b>2,27,28,51,887</b>           |

Significant Accounting Policies and Notes to Accounts 1 & 2  
The Accompanying Notes are an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

**Dr Mohammed Sagheer**  
Managing Director  
DIN: 02802910

**M.M. Abdul Basheer**  
Director  
DIN: 00120916

**K. Padmadasan**  
Company Secretary

**George Raphael**  
Chief Financial Officer

Place :Kochi  
Date : 19-06-2018

**For Varma & Varma**  
Chartered Accountants  
Firm No.0045325

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094

**INKEL LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018**

| Particulars  | Note No. | For the year ended<br>31.03.2018<br>(In Rupees) | For the year ended<br>31.03.2017<br>(In Rupees) |
|--|----------|---|---|
| <b>Revenue</b>   |          |   |   |
| I. Revenue from Operations   | 2.23     | 46,24,18,795                                    | 27,59,05,886                                    |
| II. Other Income   | 2.24     | 6,54,72,861                                     | 8,98,65,255                                     |
| <b>III. Total Revenue (I+II)</b>   |          | <b>52,78,91,656</b>                             | <b>36,57,71,141</b>                             |
| <b>IV. Expense:</b>  |          |   |   |
| i) Cost of land acquired/building/amenities constructed and disposed (on Long Term Finance Lease Agreements) | 2.25     | 3,64,31,906                                     | 5,92,04,063                                     |
| ii) Purchases of Stock in Trade  | 2.26     | 17,66,49,295                                    | 6,06,88,285                                     |
| iii) Employee Benefits Expense   | 2.27     | 5,46,23,790                                     | 4,26,58,328                                     |
| iv) Finance Costs  | 2.28     | 1,07,09,785                                     | 1,17,55,687                                     |
| v) Depreciation and Amortisation Expense   | 2.12     | 2,25,85,318                                     | 2,56,11,055                                     |
| vi) Other Expenses   | 2.29     | 11,15,04,236                                    | 6,45,66,848                                     |
| <b>Total Expense</b>   |          | <b>41,25,04,330</b>                             | <b>26,44,84,266</b>                             |
| <b>V. Profit Before Tax (III - IV)</b>   |          | <b>11,53,87,326</b>                             | <b>10,12,86,875</b>                             |
| <b>VI. Tax Expense:</b>  |          |   |   |
| (1) Current Tax  |          | 4,78,72,744                                     | 3,49,54,710                                     |
| Less: MAT Credit Entitlement   |          | -   | 1,28,24,458                                     |
| Net Current tax  |          | 4,78,72,744                                     | 2,21,30,252                                     |
| (2) Deferred tax   |          | (2,52,78,314)                                   | 62,66,306                                       |
| <b>VII. Profit for the year (V - VI)</b>   |          | <b>9,27,92,896</b>                              | <b>7,28,90,317</b>                              |
| <b>VIII. Earning per Equity Share:</b>   | 2.30     |   |   |
| Face value of share Rs 10/- (Rs 10/-)  |          |   |   |
| (1) Basic  |          | 0.57  | 0.45  |
| (2) Diluted  |          | 0.57  | 0.45  |

Significant Accounting Policies and Notes to Accounts 1 & 2  
The Accompanying Notes are an integral part of the financial statements

For and on behalf of the Board of Directors

As per our report of even date attached

**Dr Mohammed Sagheer**  
Managing Director  
DIN: 02802910

**M.M. Abdul Basheer**  
Director  
DIN: 00120916

**For Varma & Varma**  
Chartered Accountants  
Firm No.004532S

**K. Padmadasan**  
Company Secretary

**George Raphael**  
Chief Financial Officer

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094

Place :Kochi  
Date : 19-06-2018

**INKEL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

(In Rupees)

| Particulars |   | For the Year ended<br>31.03.2018 | For the Year ended<br>31.03.2017 |
|-------------|---|----------------------------------|----------------------------------|
| <b>A</b>    | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                        |                                  |                                  |
|             | <b>Profit Before Tax</b>  | <b>11,53,87,326</b>              | <b>10,12,86,875</b>              |
|             | Adjustments for :   |                                  |                                  |
|             | Depreciation and Amortisation expense                             | 2,25,85,318                      | 2,56,11,055                      |
|             | Provision for Doubtful Debts                                      | 1,37,84,249                      | -                                |
|             | Provision for Doubtful Advances                                   | 92,53,126                        | -                                |
|             | Investments written off   | 7,40,000                         | -                                |
|             | Loss/(Profit) on sale of Assets(Net)                              | 1,487                            | (1,43,715)                       |
|             | Interest Income   | (6,16,33,499)                    | (6,97,93,806)                    |
|             | Finance costs   | 1,07,09,785                      | 1,17,55,687                      |
|             | Share of Profit from Seguro-INKEL Consortium LLP                  | (13,01,864)                      | (50,69,036)                      |
|             | Conversion of fixed assets to current assets                      | 3,64,31,906                      | 5,92,04,063                      |
|             | <b>Operating profit before Working Capital Changes</b>            | <b>14,59,57,834</b>              | <b>12,28,51,123</b>              |
|             | <b>Changes in Working Capital</b>                                 |                                  |                                  |
|             | <b>Adjustments for Increase/Decrease in Operating Assets</b>      |                                  |                                  |
|             | Trade Receivables   | (3,90,28,752)                    | 7,79,42,459                      |
|             | Short term loans and advances                                     | (4,75,20,248)                    | 1,55,50,593                      |
|             | Other Non-Current Assets  | 1,23,96,637                      | (51,77,342)                      |
|             | Long term Loans and Advances                                      | (4,96,486)                       | 39,150                           |
|             |   | <b>(7,46,48,849)</b>             | <b>8,83,54,860</b>               |
|             | <b>Adjustments for Increase/Decrease in Operating Liabilities</b> |                                  |                                  |
|             | Trade Payables  | 7,74,94,004                      | 2,89,16,887                      |
|             | Other Current Liabilities   | 19,94,25,385                     | 2,07,29,234                      |
|             | Short term Provisions   | (10,70,147)                      | (14,55,771)                      |
|             | Long term Provisions  | 22,90,907                        | 11,97,200                        |
|             | Long Term Liabilities   | (6,74,370)                       | (22,56,710)                      |
|             |   | <b>27,74,65,779</b>              | <b>4,71,30,840</b>               |
|             | <b>Cash generated from Operations</b>                             | <b>34,87,74,764</b>              | <b>25,83,36,823</b>              |
|             | Taxes Paid  | (5,09,97,764)                    | (3,72,75,536)                    |
|             | <b>Net Cash Generated from Operating activities - (A)</b>         | <b>29,77,77,000</b>              | <b>22,10,61,287</b>              |
| <b>B</b>    | <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                        |                                  |                                  |
|             | Purchase of Fixed Assets including Capital WIP/Capital Advances   | (1,77,26,580)                    | (9,36,12,359)                    |
|             | Loans and Advances (given)/repaid                                 | 2,18,81,979                      | 2,40,93,592                      |
|             | Interest received on loans/deposits                               | 6,52,08,634                      | 7,71,84,130                      |

|          |  |                       |                      |
|----------|--|-----------------------|----------------------|
|          | Proceeds from sale of Fixed assets                                   | 16,037                | 2,88,557             |
|          | (Investments)/Sale of equity shares/preference shares                | (25,81,50,206)        | (8,15,70,000)        |
|          | Share of Profit received from Seguro-INKEL Consortium LLP            | -                     | 39,64,938            |
|          | <b>Net Cash Used in Investing activities - (B)</b>                   | <b>(18,87,70,136)</b> | <b>(6,96,51,142)</b> |
| <b>C</b> | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                           |                       |                      |
|          | Proceeds from /(Repayment of) Short term borrowings                  | (1,03,50,000)         | 1,03,50,000          |
|          | Share Application Money Received                                     | 23,72,325             | -                    |
|          | Proceeds from Long term borrowings                                   | -                     | 8,21,63,000          |
|          | Finance costs paid   | (61,91,750)           | (90,41,727)          |
|          | Dividend paid  | (4,89,85,206)         | (6,49,65,400)        |
|          | Dividend Distribution tax paid                                       | (99,56,540)           | (1,32,75,385)        |
|          | <b>Net Cash Generated from/ (Used in) Financing Activities - (C)</b> | <b>7,31,11,171</b>    | <b>52,30,488</b>     |
|          | <b>Net increase in Cash and Cash equivalents (A+B+C)</b>             | <b>3,58,95,693</b>    | <b>15,66,40,633</b>  |
|          | <b>Cash and Cash equivalents at the beginning of the year</b>        | <b>34,12,84,792</b>   | <b>18,46,44,159</b>  |
|          | <b>Closing Cash And Cash Equivalents</b>                             | <b>37,71,80,485</b>   | <b>34,12,84,792</b>  |

Cash and cash equivalents at the end of the year includes Rs. 13,85,41,572/- (Rs.7,84,33,734/-) held under lien, Rs.5,25,190/- (Rs.5,70,406/-) deposited in unpaid dividend account which is earmarked for payment of dividend Rs.3,17,853/- (Rs.254,606/-) with a maturity period of more than 12 months and Rs. 1,19,61,046/- (Rs. 1,00,99,500/-) deposited in Deposit Repayment Reserve which is earmarked for repayment of public deposits.

For and on behalf of the Board of Directors

As per our report of even date attached

**Dr Mohammed Sagheer**  
Managing Director  
DIN: 02802910

**M.M. Abdul Basheer**  
Director  
DIN: 00120916

**For Varma & Varma**  
Chartered Accountants  
Firm No.004532S

**K. Padmadasan**  
Company Secretary

**George Raphael**  
Chief Financial Officer

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094

Place :Kochi  
Date : 19-06-2018

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

### 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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. Tangible Assets Property, Plant and Equipment

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price (inclusive of non - refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (Major components).

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.

The cost of assets not ready for use at the balance sheet date are disclosed under Capital Work in Progress.

#### d. Intangible Assets

Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any .

#### e. Depreciation Amortisation

Depreciation on property , plant and equipments is provided on Written Down Value Method Method on the basis of the useful lives in the manner prescribed as per Schedule II of The Companies Act, 2013 based on a review by the management at the year end.

Leasehold land is amortised over the duration of the lease. Cost of software treated as Intangible Assets are amortised over a period of six years.

#### **f. Government Grant Subsidies**

Grants and Subsidies in the nature of Promoters contribution or identifiable with non depreciable assets are credited to capital reserve.

Grants and Subsidies, specifically identifiable with capital assets other than depreciable assets, are credited to the carrying cost of the respective asset.

Grants/Subsidies in the nature of revenue are recognized as income over the period necessary to match them with the related costs which they are intended to compensate.

#### **g. Investments**

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

#### **h. 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 agreements are entered into.

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.

Income from services rendered are recognized based on the stage of completion of the respective contracts/arrangements having regard to the specific milestones wherever specified therein.

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

#### **i. Inventories**

Inventories of Land and Building/ amenities includes the cost of purchase, development costs, construction costs, overheads and is valued at lower of cost identified on specific identification method and net realisable value.

Inventories of Stock in trade is value at Lower of Cost, identified on specific identification method and net realisable value.

#### **j. 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, Employee's State Insurance and National Pension Scheme . 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 (Funded) & Long term employee benefits: Compensated absences (Funded).

a) Gratuity

The company makes contributions to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation conducted annually using the projected unit credit method, as adjusted for unrecognised past services cost, if any, and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

b) Compensated absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

iv. Termination Benefits

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

**k. 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. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

**l. Foreign Currency Transactions**

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

**m. 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.

**n. 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.

**o. 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.

**p. 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.

**INKEL LIMITED**  
**NOTES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2018**

**NOTE - 2.1 SHARE CAPITAL**

In Rupees

| Particulars                              | As at 31.03.2018 |                | As at 31.03.2017 |                |
|--|------------------|----------------|------------------|----------------|
|  | Number of Shares | Amount         | Number of Shares | Amount         |
| <b>Authorised Equity Share Capital</b>   |                  |                |                  |                |
| Equity Shares of Rs 10/- (Rs. 10/-) each | 20,00,00,000     | 2,00,00,00,000 | 20,00,00,000     | 2,00,00,00,000 |
|  | 20,00,00,000     | 2,00,00,00,000 | 20,00,00,000     | 2,00,00,00,000 |
| <b>Issued, Subscribed and Paid up</b>    |                  |                |                  |                |
| Equity Shares of Rs 10/- (Rs. 10/-) each | 16,30,27,000     | 1,63,02,70,000 | 16,30,27,000     | 1,63,02,70,000 |
|  | 16,30,27,000     | 1,63,02,70,000 | 16,30,27,000     | 1,63,02,70,000 |

**2.1.1 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/- (Rs.10/-) 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**

(In Rupees)

| Particulars  | As at 31.03.2018 |                | As at 31.03.2017 |                |
|--|------------------|----------------|------------------|----------------|
|  | Number of Shares | Amount         | Number of Shares | Amount         |
| <b>Equity Shares</b>   |                  |                |                  |                |
| As at the beginning of the financial year                                    | 16,30,27,000     | 1,63,02,70,000 | 16,30,27,000     | 1,63,02,70,000 |
| Shares issued during the financial year                                      | -                | -              | -                | -              |
| As at the end of the financial year  | 16,30,27,000     | 1,63,02,70,000 | 16,30,27,000     | 1,63,02,70,000 |
| <b>Particulars of Shareholders holding more than 5% share in the Company</b> |                  |                |                  |                |
| Govt. of Kerala - 24.84 % (Previous year 24.84 %)                            | 4,05,00,000      | 40,50,00,000   | 4,05,00,000      | 40,50,00,000   |
| Bismi Holdings Ltd - 6.75 % (Previous year 6.75 %)                           | 1,10,00,000      | 11,00,00,000   | 1,10,00,000      | 11,00,00,000   |
| Shri.Yusuffali M A - 15.13 % (Previous year 15.13 %)                         | 2,46,66,000      | 24,66,60,000   | 2,46,66,000      | 24,66,60,000   |
| Shri.Varghese Kurian - 6.75 % (Previous year 6.75 %)                         | 1,10,00,000      | 11,00,00,000   | 1,10,00,000      | 11,00,00,000   |
| Dr.Mohamed Ali - 6.44 % (Previous year 6.44 %)                               | 1,05,00,000      | 10,50,00,000   | 1,05,00,000      | 10,50,00,000   |

**NOTE - 2.2 RESERVES & SURPLUS**

(In Rupees)

| Particulars  | As at 31.03.2018    | As at 31.03.2017    |
|--|---------------------|---------------------|
| Surplus  |                     |                     |
| Opening balance  | 33,85,53,468        | 26,56,63,151        |
| Net Profit after tax as per Statement of Profit and Loss | 9,27,92,896         | 7,28,90,317         |
| Amount available for appropriation                       | 43,13,46,364        | 33,85,53,468        |
| Less: Appropriations                                     |                     |                     |
| Proposed Dividend  |                     |                     |
| Final Dividend (See Note 2.2.1)                          | 4,89,08,100         | -                   |
| Dividend Distribution Tax                                | 99,56,540           | -                   |
| <b>Total Appropriations</b>                              | <b>5,88,64,640</b>  | <b>-</b>            |
| Closing Balance  | 37,24,81,724        | 33,85,53,468        |
| <b>Total Surplus</b>                                     | <b>37,24,81,724</b> | <b>33,85,53,468</b> |

2.2.1 The Board of Directors of the company has proposed final dividend of Rs.0.35/- (Rs.0.30/-) per share, which is subject to approval by the share holders at the ensuing Annual General Meeting. In accordance with the revised Accounting Standard - 4 'Contingencies and Events occurring after the Balance Sheet Date' (effective from 01.04.2016) proposed dividend for the year and Corporate Dividend Tax thereon has not been recognised as a distribution of profit in the current year's accounts.

**NOTE - 2.3 Share Application Money Pending Allotment**

(In Rupees)

| Particulars                               | As at 31.03.2018 | As at 31.03.2017 |
|---|------------------|------------------|
| Share Capital Advance - Pending Allotment | 15,81,550        | -                |
| Share Premium Advance - Pending Allotment | 7,90,775         | -                |
|   | <b>23,72,325</b> | <b>-</b>         |

**2.3.1**

- Number of shares proposed to be issued out of the share application money received till 31.03.2018: 1,58,155
- Amount of premium included above : Rs. 7,90,775/-
- Date by which shares are proposed to be allotted: 29.05.2018
- The Company has sufficient authorised capital to cover the share capital amount resulting from allotment of shares out of the application money.

**NOTE - 2.4 LONG TERM BORROWINGS**

(In Rupees)

| Particulars                  | As at 31.03.2018   | As at 31.03.2017    |
|------------------------------|--------------------|---------------------|
| (a) Loans from Other parties |                    |                     |
| Unsecured (See Note 2.4.1)   | 2,00,00,000        | 3,00,00,000         |
| (b) Deposits                 |                    |                     |
| Unsecured (See Note 2.4.2)   | 7,38,43,000        | 8,21,63,000         |
|                              | <b>9,38,43,000</b> | <b>11,21,63,000</b> |

**2.4.1** The above interest free loan was sanctioned by the State Level Export Promotion Committee (SLEPC) under the Assistance to States for developing Export Infrastructure and other Allied Activities (ASIDE) Scheme implemented by Kerala Industrial Infrastructure Development Corporation (KINFRA) acting as the Government of Kerala appointed Nodal agency. The loan is repayable in three annual instalments of Rs. 1 crore each starting from the fourth year of disbursement, to be paid before 31st March 2019, 31st March 2020 & 31st March 2021 respectively.

**2.4.2** Deposits accepted from various parties and interest thereon are repayable over the agreed terms. The details are as follows:

| Terms of repayment | Cumulative Basis |             | Non-Cumulative basis |             |
|--------------------|------------------|-------------|----------------------|-------------|
|                    | Rate             | Amount      | Rate                 | Amount      |
| Within 1 years     | 11.46%           | 57,20,000   | 11.00%               | 2600000     |
| Within 2 years     | 12.01%           | 3,51,89,000 | 11.50%               | 3,86,54,000 |
| Total              |                  | 4,09,09,000 |                      | 4,12,54,000 |

Interest is payable on a quarterly / maturity basis in accordance with the terms agreed with the depositors.

**2.4.3** Deposits received from directors during the year Rs. Nil (Rs. 5,00,000/-)

**NOTE - 2.5 DEFERRED TAX LIABILITIES (NET)**

(In Rupees)

| Particulars  | As at 31.03.2018   | As at 31.03.2017   |
|--|--------------------|--------------------|
| <b>A. Deferred Tax Liability</b>   |                    |                    |
| On excess of net book value over Income tax written down value of fixed assets | 4,37,11,973        | 6,28,66,589        |
| <b>B. Deferred Tax Assets</b>  |                    |                    |
| On Provisions/other disallowances  | 88,97,941          | 27,74,243          |
| <b>Net Deferred Tax Liability</b>  | <b>3,48,14,032</b> | <b>6,00,92,346</b> |

**NOTE - 2.6 OTHER LONG TERM LIABILITIES**

(In Rupees)

| Particulars                                | As at 31.03.2018 | As at 31.03.2017 |
|--|------------------|------------------|
| Security Deposits                          | 34,22,160        | 40,96,530        |
| Interest accrued but not due on borrowings | 62,29,022        | 23,32,092        |
|  | <b>96,51,182</b> | <b>64,28,622</b> |

**NOTE - 2.7 LONG TERM PROVISIONS**

(In Rupees)

| Particulars                                     | As at 31.03.2018 | As at 31.03.2017 |
|---|------------------|------------------|
| Provision for employee benefits (See note 2.31) |                  |                  |
| - Provision for Gratuity                        | 5,89,344         | -                |
| - Provision for Leave Encashment                | 51,52,952        | 34,51,389        |
|   | <b>57,42,296</b> | <b>34,51,389</b> |

**NOTE - 2.8 SHORT TERM BORROWINGS**

(In Rupees)

| Particulars | As at 31.03.2018 | As at 31.03.2017   |
|-------------|------------------|--------------------|
| Deposits    |                  |                    |
| Unsecured   |                  | 1,03,50,000        |
|             | -                | <b>1,03,50,000</b> |

**NOTE - 2.9 TRADE PAYABLES**

(In Rupees)

| Particulars   | As at 31.03.2018    | As at 31.03.2017   |
|---|---------------------|--------------------|
| Trade Payables (See Note 2.9.1)   |                     |                    |
| i. Total outstanding dues of micro enterprises and small enterprises          | -                   | -                  |
| ii. Total outstanding dues other than micro enterprises and small enterprises | 11,63,75,327        | 3,88,81,323        |
|   | <b>11,63,75,327</b> | <b>3,88,81,323</b> |

**2.9.1** The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006 and the same is in progress. Based on available information, there are no balance outstanding as payable to such suppliers as at the year end. In the opinion of the management there are no amounts paid/ payable towards interest under the said statute.

**NOTE - 2.10 OTHER CURRENT LIABILITIES**

(In Rupees)

| Particulars                                | As at 31.03.2018    | As at 31.03.2017   |
|--|---------------------|--------------------|
| Current maturities of Long Term Debt       |                     |                    |
| - Term Loan                                | 1,00,00,000         | -                  |
| - Public Deposit                           | 83,20,000           | -                  |
| Accounts payable - Capital                 | 2,72,043            | 31,50,939          |
| Interest accrued but not due on borrowings | 10,02,973           | 3,81,868           |
| Unpaid dividend                            | 4,93,300            | 5,70,406           |
| Other payables                             |                     |                    |
| Advances from Customers                    |                     |                    |
| - for Deposit Work                         | 20,28,09,056        | 3,20,00,000        |
| - Others                                   | 1,10,40,284         | 23,49,800          |
| Retention Money payable                    | 1,73,00,821         | 30,28,338          |
| Statutory Dues                             | 97,93,906           | 59,72,544          |
| Security Deposit / Earnest Money Deposit   | 20,63,000           | 2,31,000           |
|  | <b>26,30,95,383</b> | <b>4,76,84,895</b> |

**NOTE - 2.11 SHORT TERM PROVISIONS**

(In Rupees)

| Particulars                                      | As at 31.03.2018   | As at 31.03.2017   |
|--|--------------------|--------------------|
| Provision for employee benefits                  |                    |                    |
| -Provision for Leave Encashment (See Note.2.31 ) | 7,97,351           | 18,83,441          |
| -Provision for Gratuity (See Note 2.31)          | 9,79,094           | 9,63,151           |
| Provision for Income tax                         | 4,78,72,744        | 2,21,30,252        |
|  | <b>4,96,49,189</b> | <b>2,49,76,844</b> |

**NOTE - 2.13 CAPITAL WORK IN PROGRESS**

(In Rupees)

| Particulars                                  | As at 31.03.2018 | As at 31.03.2017 |
|--|------------------|------------------|
| Building under construction-Material in Hand | -                | 75,000           |
|  | -                | <b>75,000</b>    |

**NOTE - 2.14 INTANGIBLE ASSETS UNDER DEVELOPMENT**

(In Rupees)

| Particulars       | As at 31.03.2018 | As at 31.03.2017 |
|-------------------|------------------|------------------|
| Computer Software | 6,59,375         | -                |
|                   | <b>6,59,375</b>  | <b>-</b>         |

**NOTE - 2.15 NON CURRENT INVESTMENTS**

(In Rupees)

| Particulars   | As at 31.03.2018 | As at 31.03.2017 |
|---|------------------|------------------|
| <b>a Investments in Equity Instruments</b>                              |                  |                  |
| <b>Un-quoted, Trade, at cost</b>  |                  |                  |
| <b>i In Subsidiary Companies</b>  |                  |                  |
| <b>- INKEL- KINFRA Infrastructure Projects Limited</b>                  | -                | 7,40,000         |
| Nil (74,000) Equity Shares of Rs. 10/- each, fully paid up              |                  |                  |
| <b>- INKEL- KSIDC Projects Limited</b>                                  | 18,32,34,120     | 18,32,34,120     |
| 1,83,23,412 (1,83,23,412) Equity Shares of Rs. 10/- each, fully paid up |                  |                  |
| <b>- INKES Trade Centre Limited</b>                                     | 3,70,00,000      | 3,70,00,000      |
| 37,00,000 (37,00,000) Equity Shares of Rs.10/- each, fully paid up      |                  |                  |
| <b>- INKEL-EKK Roads Private Limited</b>                                | 20,16,00,000     | 8,16,00,000      |
| 2,01,60,000 (81,60,000) Equity Shares of Rs. 10/- each, fully paid up   |                  |                  |
| <b>- Seguro Foundations and Structures Private Limited</b>              | 13,81,50,206     | -                |
| 62,02,248 (Nil) Equity Shares of Rs. 10/- each, fully paid up           |                  |                  |
| <b>ii In Associate Companies</b>  |                  |                  |
| <b>- MIV Logistics Private Limited</b>                                  | 11,82,97,140     | 11,82,97,140     |
| 1,18,29,714(1,18,29,714) Equity Shares of Rs. 10/- each, fully paid up  |                  |                  |
| <b>iii In Others</b>  |                  |                  |
| <b>- KV Apartments Private Limited</b>                                  | 5,00,000         | 5,00,000         |
| 5,000 (5,000) Equity Shares of Rs. 100/- each, fully paid up            |                  |                  |
| <b>b Investment in Limited Liability Partnership LLP</b>                |                  |                  |
| <b>i In Subsidiary Entity</b>   |                  |                  |
| <b>- Seguro - INKEL Consortium LLP</b>                                  | 4,50,000         | 4,50,000         |
| Investment towards 45% of the capital                                   | 1,13,43,637      | 1,00,41,773      |
| Add: Share of Profit from LLP   | 1,17,93,637      | 1,04,91,773      |
| <b>c Investments in Preference Instruments</b>                          |                  |                  |
| (Un-quoted, Trade, at cost)   |                  |                  |

|  |                     |                     |
|--|---------------------|---------------------|
| <b>i In Associate Companies</b>  |                     |                     |
| <b>- MIV Logistics Private Limited</b>   |                     |                     |
| 1,60,00,000 (1,60,00,000) optionally convertible preference shares of 10/- each, fully paid up | 16,00,00,000        | 16,00,00,000        |
| Total investments (a) + (b) + (c)  | <b>85,05,75,103</b> | <b>59,18,63,033</b> |
| Aggregate amount of unquoted investments   | <b>85,05,75,103</b> | <b>59,18,63,033</b> |

**2.15.1** During the year, the investments in subsidiary company INKEL KINFRA Infrastructure Projects Limited amounting to 7,40,000/- has been written off in the books of account considering the permanent diminution in the value of investments.

**2.15.2** Having regard to the plans for future operations of the other subsidiary companies /associate company and the realizable value of assets owned by these Companies, the management is of the opinion that there is no permanent diminution in the value of such investments.

**2.15.3**

Details of Investment in Seguro- INKEL Consortium LLP

| Particulars                                       | Capital in LLP<br>In Rupees | Share of Profit | Share of Capital in<br>LLP |
|---|-----------------------------|-----------------|----------------------------|
| INKEL Limited                                     | 4,50,000                    | 50%             | 45%                        |
| Seguro Foundations and Structures Private Limited | 5,50,000                    | 50%             | 55%                        |
| Total   | 10,00,000                   | 100%            | 100%                       |

Total capital of the LLP is Rs. 10,00,000/- (Rs. 10,00,000/-)

**NOTE - 2.16 LONG-TERM LOANS AND ADVANCES**

(In Rupees)

| Particulars   | As at 31.03.2018    | As at 31.03.2017   |
|---|---------------------|--------------------|
| (Unsecured, considered good)                        |                     |                    |
| Capital Advances                                    | -                   | 5,68,447           |
| Security Deposits                                   | 20,39,826           | 15,43,340          |
| Advance to Related Parties                          |                     |                    |
| - Seguro - INKEL Consortium LLP - Subsidiary Entity | 5,29,80,223         | 5,31,96,198        |
| Income Tax (Net)                                    | 7,13,96,308         | 4,25,28,796        |
|   | <b>12,64,16,357</b> | <b>9,78,36,781</b> |

**NOTE - 2.17 OTHER NON-CURRENT ASSETS**

(In Rupees)

| Particulars  | As at 31.03.2018   | As at 31.03.2017   |
|--|--------------------|--------------------|
| Balance with Banks in Fixed Deposit accounts   | -                  | 11,00,500          |
| Trade Receivables  |                    |                    |
| (Unsecured Considered good)  |                    |                    |
| -Outstanding for a period exceeding six months from the date they were due for payment | -                  | -                  |
| -Others  | 1,33,53,705        | 2,46,49,842        |
|  | <b>1,33,53,705</b> | <b>2,57,50,342</b> |



| <b>NOTE - 2.18 INVENTORIES</b> (In Rupees)        |                         |                         |
|---|-------------------------|-------------------------|
| <b>Particulars</b>                                | <b>As at 31.03.2018</b> | <b>As at 31.03.2017</b> |
| Land and Building held on long term finance lease |                         |                         |
| Opening Balance                                   | -                       | -                       |
| Add: Additions during the year                    | 3,64,31,906             | 5,92,04,063             |
| Less: Disposed during the year                    | 3,64,31,906             | 5,92,04,063             |
| Closing Balance                                   | -                       | -                       |

| <b>NOTE - 2.19 TRADE RECEIVABLES</b> (In Rupees)  |                         |                         |
|---|-------------------------|-------------------------|
| <b>Particulars</b>  | <b>As at 31.03.2018</b> | <b>As at 31.03.2017</b> |
| (Unsecured, Considered Doubtful)  |                         |                         |
| - Outstanding for a period exceeding six months from the date they were due for payment | 87,19,666               | -                       |
| Less: Provision for Doubtful Debts  | (87,19,666)             | -                       |
| - Others  | 50,64,583               | -                       |
| Less: Provision for Doubtful Debts  | (50,64,583)             | -                       |
| (Unsecured, Considered good)  |                         |                         |
| - Outstanding for a period exceeding six months from the date they were due for payment |                         |                         |
| (See Note 2.19.1)   | 2,59,03,840             | 2,12,00,736             |
| - Others (See Note 2.19.1)  | 16,88,82,306            | 14,83,40,907            |
|   | <b>19,47,86,146</b>     | <b>16,95,41,643</b>     |

| <b>2.19.1 Trade Receivables include debts due from:</b> (In Rupees) |                         |                         |
|---|-------------------------|-------------------------|
| <b>Particulars</b>  | <b>As at 31.03.2018</b> | <b>As at 31.03.2017</b> |
| MIV Logistics Private Limited                                       | 1,91,01,160             | 90,66,462               |
| Kerala Industrial Infrastructure Development Corporation (KINFRA)   | 37,69,808               | 76,79,984               |
| Kerala State Industrial Development Corporation (KSIDC)             | 2,29,897                | 2,300                   |
| Kerala Academy for Skills Excellence (KASE)                         | 5,55,027                | 8,52,316                |

| <b>NOTE - 2.20 CASH AND CASH EQUIVALENTS</b> (In Rupees) |                         |                         |
|--|-------------------------|-------------------------|
| <b>Particulars</b>                                       | <b>As at 31.03.2018</b> | <b>As at 31.03.2017</b> |
| Cash on Hand   | 3,159                   | 5,861                   |
| Balance with Banks                                       |                         |                         |
| In Current Accounts                                      | 9,07,700                | 2,30,91,091             |
| In Fixed Deposit Accounts                                | 37,62,69,626            | 31,81,87,840            |
|  | <b>37,71,80,485</b>     | <b>34,12,84,792</b>     |

#### 2.20.1 Earmarked Balances:

Balance with banks in current accounts include earmarked balances for unpaid dividend Rs. 5,25,190/- (Rs. 5,70,406/-).

2.20.2 Balance with banks in Deposit Accounts include Rs. 3,17,853/- (Rs. 2,54,606/-) held with a maturity period of more than 12 months and 1,19,61,046/- (Rs. 1,00,99,500/-) held against public deposits in pursuance of the requirements of applicable Rules.

2.20.3 Balance with banks in Deposit Account includes Rs. 13,85,41,572/- (Rs. 7,84,33,734/-) held under lien.

#### NOTE - 2.21 SHORT-TERM LOANS AND ADVANCES

(In Rupees)

| Particulars   | As at 31.03.2018    | As at 31.03.2017    |
|---|---------------------|---------------------|
| <b>Unsecured, considered good</b>                                       |                     |                     |
| <b>-Loans Advances to related parties: See Note 2.21.1 &amp; 2.21.3</b> |                     |                     |
| INKEL- KSIDC Projects Ltd- Subsidiary Company                           | 32,52,20,310        | 29,78,77,291        |
| " INKEL - KINFRA Infrastructure Projects Ltd- Subsidiary Company "      | -                   | 2,01,87,290         |
| Seguro - INKEL Consortium LLP- Subsidiary Entity                        | 42,83,029           | 5,35,61,145         |
| <b>-Others:</b>   |                     |                     |
| Advances recoverable in cash or in kind or for value to be received     | 1,38,79,854         | 21,93,988           |
| Earnest Money Deposits  | 20,78,669           | 1,00,000            |
| Balances with Government Authorities                                    | 3,44,564            | 2,84,332            |
| Advance to Suppliers/Contractors  | 4,57,57,963         | 9,19,978            |
| Advance to employees  | 4,90,237            | 3,29,484            |
|   | 39,20,54,626        | 37,54,53,508        |
| <b>(Unsecured, considered doubtful)</b>                                 |                     |                     |
| Advances recoverable in cash or in kind or for value to be received     | 92,53,126           |                     |
| Less: Provision for doubtful loans/advances( See Note 2.21.2)           | (92,53,126)         | -                   |
|   | -                   | -                   |
|   | <b>39,20,54,626</b> | <b>37,54,53,508</b> |

**2.21.1** Having regard to the plans for future operations of the subsidiary company- INKEL-KSIDC Projects Ltd and the realizable value of assets owned by the Company, the management is of the opinion that the loan given to the company will be recovered in full together with interest thereon.

**2.21.2** The provision for doubtful loans/advances includes Rs. 79,20,383/- being provision created in respect of loans/advances including interest given to the subsidiary Company INKEL-KINFRA Infrastructure Projects Ltd, to the extent not acknowledged as debts by Kerala Industrial Infrastructure Development Corporation (KINFRA).

**2.21.3** The advances/loans( including interest) given to the subsidiary companies is repayable on demand. During the year, no demand has been raised by INKEL Limited for the repayment of these advances/loans and accordingly there are no overdue amounts in respect of such loans/advances.

#### NOTE - 2.22 OTHER CURRENT ASSETS

(In Rupees)

|                     |                  |                  |
|---------------------|------------------|------------------|
| Interest Receivable | 27,37,837        | 63,12,972        |
|                     | <b>27,37,837</b> | <b>63,12,972</b> |

**INKEL LIMITED**  
**NOTES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2018**

**NOTE - 2.12**  
**A. TANGIBLE ASSETS -**

(Property, Plant & Equipment)

| SL. No.   | Particulars                         | GROSS BLOCK                    |                              |                                       | DEPRECIATION / AMORTISATION    |                              |   | NET BLOCK AS ON 31.03.2018 | NET BLOCK AS ON 31.03.2017     |
|-----------|-------------------------------------|--------------------------------|------------------------------|---------------------------------------|--------------------------------|------------------------------|---|----------------------------|--------------------------------|
|           |                                     | Opening Balance                | Additions during the year    | Deletions Adjustments during the year | Closing Balance                | Opening Balance              | Depreciation/ Amortisation for the year | Deleted during the year    | Closing Balance                |
| 1         | Freehold Land                       | 33,77,30,042<br>(30,79,11,893) | 62,45,774<br>(2,98,18,149)   | -                                     | 34,39,75,816<br>(33,77,30,042) | -                            | -                                       | -                          | 34,39,75,816<br>(33,77,30,042) |
| 2         | Leasehold Land<br>- See Note 2.12.1 | 11,25,32,211<br>(12,30,52,735) | -                            | 1,33,98,438<br>(1,05,20,524)          | 9,91,33,773<br>(11,25,32,211)  | 74,25,926<br>(67,38,680)     | 12,25,017<br>(13,83,857)                | 9,97,046<br>(6,96,611)     | 9,14,79,876<br>(10,51,06,285)  |
| 3         | Building-<br>See Note 2.12.1        | 20,02,50,880<br>(23,68,33,562) | 40,69,822<br>(1,06,61,426)   | 2,36,10,918<br>(4,72,44,108)          | 18,07,09,784<br>(20,02,50,880) | 2,01,03,991<br>(99,96,285)   | 1,02,47,105<br>(1,23,66,198)            | 15,49,736<br>(22,58,492)   | 15,19,08,424<br>(18,01,46,889) |
| 4         | Plant & Machinery                   | 3,78,92,540<br>(2,21,37,892)   | 1,72,58,53<br>(2,06,96,475)  | 23,89,411<br>(49,41,827)              | 3,72,28,982<br>(3,78,92,540)   | 1,15,49,463<br>(68,87,177)   | 56,48,481<br>(52,09,577)                | 4,20,079<br>(5,47,291)     | 1,67,77,865<br>(1,15,49,463)   |
| 5         | Furniture and Fittings              | 1,84,79,568<br>(1,82,29,668)   | 7,62,888<br>(2,49,900)       | -                                     | 1,92,42,456<br>(1,84,79,568)   | 1,15,41,237<br>(87,37,964)   | 20,75,739<br>(28,03,273)                | -                          | 1,36,16,976<br>(1,15,41,237)   |
| 6         | Office Equipments                   | 34,61,481<br>(33,46,692)       | 2,20,765<br>(1,26,189)       | 26,520<br>(11,400)                    | 36,55,726<br>(34,61,481)       | 26,59,366<br>(21,07,444)     | 3,92,317<br>(5,62,752)                  | 25,638<br>(10,830)         | 6,29,681<br>(8,02,115)         |
| 7         | Computer                            | 73,38,910<br>(62,35,255)       | 13,08,722<br>(11,03,655)     | 39,500<br>(-)                         | 86,08,132<br>(73,38,910)       | 58,37,203<br>(45,15,785)     | 11,87,689<br>(13,21,418)                | 33,157<br>(-)              | 16,16,397<br>(15,01,707)       |
| 8         | Motor Car                           | 32,09,154<br>(8,83,724)        | -                            | -                                     | 32,09,154<br>(32,09,154)       | 6,41,721<br>(7,07,556)       | 7,99,919<br>(6,73,617)                  | -                          | 14,41,640<br>(25,67,433)       |
| 9         | Electrical Fittings                 | 61,04,111<br>(58,83,890)       | 4,60,395<br>(2,20,221)       | -                                     | 65,64,506<br>(61,04,111)       | 27,32,722<br>(15,75,430)     | 9,32,532<br>(11,57,292)                 | -                          | 36,65,254<br>(27,32,722)       |
| Total (A) |                                     | 72,69,98,897<br>(72,45,15,311) | 1,47,94,219<br>(6,60,85,169) | 3,94,64,787<br>(6,36,01,583)          | 70,23,28,329<br>(72,69,98,897) | 6,24,91,629<br>(4,12,66,321) | 2,25,08,799<br>(2,54,77,984)            | 30,25,656<br>(42,52,676)   | 8,19,74,772<br>(6,24,91,629)   |

**B. INTANGIBLE ASSETS**

|                       |                   |                                |                              |                              |                                |                              |                              |                          |                              |                                |                                |
|-----------------------|-------------------|--------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------------|------------------------------|--------------------------------|--------------------------------|
| 1                     | Computer Software | 11,78,432<br>(11,78,432)       | 27,238<br>(-)                | -                            | 12,05,670<br>(11,78,432)       | 9,51,884<br>(8,18,813)       | 76,519<br>(1,33,071)         | -                        | 10,28,403<br>(9,51,884)      | 1,77,267<br>(2,26,548)         | 2,26,548<br>(3,59,618)         |
| Total (B)             |                   | 11,78,432<br>(11,78,432)       | 27,238<br>(-)                | -                            | 12,05,670<br>(11,78,432)       | 9,51,884<br>(8,18,813)       | 76,519<br>(1,33,071)         | -                        | 10,28,403<br>(9,51,884)      | 1,77,267<br>(2,26,548)         | 2,26,548<br>(3,59,618)         |
| Grand Total (A) + (B) |                   | 72,81,77,329<br>(72,56,93,743) | 1,48,21,457<br>(6,60,85,169) | 3,94,64,787<br>(6,36,01,583) | 70,35,33,999<br>(72,81,77,329) | 6,34,43,513<br>(4,20,85,134) | 2,25,85,318<br>(2,56,11,055) | 30,25,656<br>(42,52,676) | 8,30,03,175<br>(6,34,43,513) | 62,05,30,824<br>(66,47,33,816) | 66,47,33,816<br>(68,36,08,608) |

2.12.1 Deletions/ Adjustments includes 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**  
**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018**

**NOTE - 2.23 REVENUE FROM OPERATIONS**

(In Rupees)

| Particulars  | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|--|----------------------------------|----------------------------------|
| <b>Sale of Services</b>  |                                  |                                  |
| Income from disposal of land and building (On long term finance lease) | 7,78,94,200                      | 10,93,84,400                     |
| Income from operating lease  | 72,09,898                        | 81,55,727                        |
| Common amenity charges   | 67,95,981                        | 47,43,290                        |
| Income from Project Management Consultancy services (See Note 2.23.1)  | 14,67,95,892                     | 7,00,63,425                      |
| Share of course fee received   | 1,16,90,202                      | 1,15,76,199                      |
| Lighting system commissioning services                                 | 41,94,275                        | 30,93,346                        |
| Facility Management Service  | 72,66,198                        | 35,90,462                        |
| <b>Sale of Products</b>  |                                  |                                  |
| Sale of lighting/security system                                       | 19,73,16,360                     | 6,48,05,636                      |
| Income from agriculture  | 32,55,789                        | 4,93,401                         |
|  | <b>46,24,18,795</b>              | <b>27,59,05,886</b>              |

2.23.1 Details of Project Management Consultancy services (PMC):

- a. Revenue recognised from PMC contracts :14,67,95,892/- (Rs. 7,00,63,425/-)
- b. Details of cost incurred for PMC contracts : Rs. 5,48,72,708/- (Rs. 1,97,82,977/-)
- c. Amount of advances received: Rs. 26,18,002/- (Rs. Nil)
- d. Amount of retentions: Rs. 5,82,537/- (Rs. Nil)

**NOTE - 2.24 OTHER INCOME**

(In Rupees)

| Particulars              | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|--------------------------|----------------------------------|----------------------------------|
| Interest income          | 6,16,33,499                      | 6,97,93,806                      |
| Guarantee fee received   | 16,61,649                        | 1,44,01,165                      |
| Share of profit from LLP | 13,01,864                        | 50,69,036                        |
| Profit on sale of asset  | 618                              | 1,44,285                         |
| Subsidy received         | -                                | 42,275                           |
| Liquidity damages        | -                                | 95,005                           |
| Miscellaneous income     | 8,75,231                         | 3,19,683                         |
|                          | <b>6,54,72,861</b>               | <b>8,98,65,255</b>               |

**NOTE - 2.25 COST OF LAND ACQUIRED BUILDING AMENITIES CONSTRUCTED AND DISPOSED**

(In Rupees)

**On long term finance lease agreements**

| Particulars                | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|----------------------------|----------------------------------|----------------------------------|
| Cost of Land               | 1,24,01,056                      | 98,23,912                        |
| Cost of Building/Amenities | 2,40,30,850                      | 4,93,80,151                      |
|                            | <b>3,64,31,906</b>               | <b>5,92,04,063</b>               |

**NOTE - 2.26 PURCHASES OF STOCK IN TRADE**

(In Rupees)

| Particulars     | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|-----------------|----------------------------------|----------------------------------|
| Solar light     | 17,52,81,463                     | 5,57,15,416                      |
| High mast light | 13,67,832                        | 49,72,869                        |
|                 | <b>17,66,49,295</b>              | <b>6,06,88,285</b>               |

**NOTE - 2.27 EMPLOYEE BENEFITS EXPENSE**

(In Rupees)

| Particulars                               | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|---|----------------------------------|----------------------------------|
| Salaries & Wages                          | 5,00,28,039                      | 3,76,59,982                      |
| Contribution to Provident and Other funds | 30,53,899                        | 24,75,295                        |
| Staff Welfare Expenses                    | 15,41,852                        | 25,23,051                        |
|   | <b>5,46,23,790</b>               | <b>4,26,58,328</b>               |

**NOTE - 2.28 FINANCE COSTS**

(In Rupees)

| Particulars  | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|--|----------------------------------|----------------------------------|
| Interest on public deposits  | 1,04,54,882                      | 56,11,382                        |
| Other Borrowing costs - Expenses for procurement & administration of Public Deposits | 2,54,903                         | 61,44,305                        |
|  | <b>1,07,09,785</b>               | <b>1,17,55,687</b>               |

**NOTE - 2.29 OTHER EXPENSES**

(In Rupees)

| Particulars   | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|---|----------------------------------|----------------------------------|
| Expenditure on corporate social responsibility activity (See Note 2.29.1) | 1,01,50,000                      | 21,05,000                        |
| Project management consultancy service expense                            | 2,54,69,536                      | 91,32,415                        |
| Hostel running and course expense   | 22,20,642                        | 20,95,153                        |
| Lighting system commissioning expenses                                    | 48,41,668                        | 30,67,652                        |
| Facility management divisional expense                                    | 61,59,842                        | 34,69,981                        |
| Agricultural expense  | 62,62,578                        | 68,95,955                        |
| Power & Fuel  | 31,61,781                        | 24,44,248                        |
| Rent  | 28,05,373                        | 26,51,668                        |
| Repairs & maintenance   |                                  |                                  |
| - Building  | 27,60,624                        | 6,82,593                         |
| - Plant   | 1,25,053                         | 1,93,460                         |
| - Others  | 56,26,953                        | 23,44,002                        |
| Insurance   | 2,79,494                         | 1,60,557                         |

|  |                     |                    |
|--|---------------------|--------------------|
| Payments to the Auditor                        |                     |                    |
| - as auditor                                   | 5,00,000            | 3,50,000           |
| - for taxation matters                         | 80,000              | 92,500             |
| - for other services                           | 1,25,500            | 22,000             |
| - for reimbursement of expenses                | 17,151              | 24,103             |
| Bank charges                                   | 74,219              | 2,49,229           |
| Meeting expense                                | 6,96,801            | 12,17,592          |
| Sitting fee to directors                       | 8,20,591            | 9,69,498           |
| Consideration for manpower services            | 11,69,867           | 44,21,106          |
| Advertisement & publicity                      | 20,23,917           | 50,61,974          |
| Loss on sale of assets                         | 2,105               | 570                |
| Membership/subscription to professional bodies | 1,38,083            | 1,09,359           |
| Postages, telephone and internet charges       | 10,13,736           | 12,47,343          |
| Printing and stationery                        | 3,85,927            | 2,95,026           |
| Professional charges & legal fee               | 45,26,033           | 35,74,911          |
| Rates & Taxes                                  | 18,19,937           | 52,09,599          |
| Staff Recruitment Expense                      | 3,15,997            | 2,85,963           |
| Travelling & Conveyance                        | 35,33,623           | 55,46,184          |
| Miscellaneous expenses                         | 6,19,830            | 6,47,207           |
| Investment written off                         | 7,40,000            | -                  |
| Provision for doubtful advances                | 92,53,126           | -                  |
| Provision for doubtful debts                   | 1,37,84,249         | -                  |
|  | <b>11,15,04,236</b> | <b>6,45,66,848</b> |

**2.29.1 Note on Expenditure on corporate social responsibility activities**

(In Rupees)

| Particulars  | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|--|----------------------------------|----------------------------------|
| i) Gross amount required to be spent during the year | 30,19,352                        | 23,87,842                        |
| ii) Amount spent during the year                     |                                  |                                  |
| - Construction/acquisition of any asset              | -                                | -                                |
| - on purposes other than above                       | 1,01,50,000                      | 21,05,000                        |

**NOTE - 2.30 EARNINGS PER EQUITY SHARE**

| Particulars  | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|--|----------------------------------|----------------------------------|
| Basic:   |                                  |                                  |
| Profit after tax for the year as per Statement of Profit and Loss (In Rs.)           | 9,27,92,896                      | 7,28,90,317                      |
| Weighted average number of equity shares of Rs. 10/- (Rs. 10/-) each (fully paid up) | 16,30,27,000                     | 16,30,27,000                     |
| Basic Earnings per Share (In Rs.)  | 0.57                             | 0.45                             |
| Diluted:   |                                  |                                  |
| Profit after tax for the year as per Statement of Profit and Loss (In Rs.)           | 9,27,92,896                      | 7,28,90,317                      |
| Weighted average number of equity shares of Rs. 10/- (Rs. 10/-) each (fully paid up) | 16,30,28,878                     | 16,30,27,000                     |
| Diluted Earnings per Share (In Rs.)  | 0.57                             | 0.45                             |

## Note No. 2.31 EMPLOYEE BENEFITS

(Disclosure under Accounting Standard 15 Employee Benefits, Revised 2005)

### 2.31.1 Defined Contribution Plans

During the year the company has recognized Rs.21,45,206/- (Rs.15,70,778/-) as Contribution to Provident Fund, Rs. 6,55,789/- (Rs.7,32,816/-) as Contribution to National Pension Scheme and Rs.83,152/- (Rs.8,780/-) as Contribution to Employee State Insurance in the Statement of Profit and Loss on account of defined contribution plans.

### 2.31.2 Defined Benefit Plans

#### Gratuity Funded

| (i) | Actuarial Assumptions          | 31st March 2018                                  | 31st March 2017                                  |
|-----|--------------------------------|--|--|
|     | Discount Rate                  | 7.50% p.a  | 8.00% p.a.                                       |
|     | Rate of return on plan assets  | 8.00% p.a.                                       | 8.00% p.a.                                       |
|     | Compensation escalation rate * | 5.00% p.a.                                       | 5.00% p.a.                                       |
|     | Mortality rate                 | Indian Lives Mortality[1994-1996] Ultimate Table | Indian Lives Mortality[1994-1996] Ultimate Table |

\*The assumption of future salary increases takes into account the inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(In Rupees)

| (ii) | Reconciliation of present value of obligation            | 31st March 2018 | 31st March, 2017 |
|------|--|-----------------|------------------|
|      | Present value of obligation at the beginning of the year | 43,42,516       | 26,82,144        |
|      | Current Service Cost                                     | 6,17,771        | 6,11,610         |
|      | Interest Cost  | 3,48,855        | 2,39,036         |
|      | Actuarial (gain)/loss                                    | 10,74,106       | 9,19,593         |
|      | Benefits Paid  | (19,40,577)     | (1,09,867)       |
|      | Curtailments   | -               | -                |
|      | Settlements  | -               | -                |
|      | Present value of obligation at the end of the year       | 44,42,671       | 43,42,516        |

(In Rupees)

| (iii) | Reconciliation of fair value of plan assets :          | 31st March 2018 | 31st March 2017 |
|-------|--|-----------------|-----------------|
|       | Fair value of plan assets at the beginning of the year | 33,79,365       | 29,90,269       |
|       | Expected return on plan assets                         | 2,70,349        | 2,39,221        |
|       | Actuarial gain/(loss)                                  | 85,876          | (3,09,925)      |
|       | Contributions  | 10,79,220       | 5,69,667        |
|       | Benefits paid  | (19,40,577)     | (1,09,867)      |
|       | Assets distributed on settlement                       | -               | -               |
|       | Fair value of plan assets at the end of the year       | 28,74,233       | 33,79,365       |

(In Rupees)

| (iv) | Net Asset Liability recognised in the Balance Sheet as at year end:                           | 31st March 2018 | 31st March 2017 |
|------|---|-----------------|-----------------|
|      | Present value of obligation   | 44,42,671       | 43,42,516       |
|      | Fair value of plan assets   | 28,74,233       | 33,79,365       |
|      | Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet | 15,68,438       | 9,63,151        |

(In Rupees)

| (v) | Expenses recognised in the Statement of Profit and Loss:      | 31st March 2018 | 31st March 2017 |
|-----|---|-----------------|-----------------|
|     | Current Service Cost  | 6,17,771        | 6,11,610        |
|     | Interest Cost   | 3,48,855        | 2,39,036        |
|     | Expected return on plan assets                                | (2,70,349)      | (2,39,221)      |
|     | Actuarial (gain) /loss recognised in the period               | 9,88,230        | 12,29,518       |
|     | Past Service Cost   | -               | -               |
|     | Curtailement cost   | -               | -               |
|     | Settlement cost   | -               | -               |
|     | Total expenses recognised in the Statement of Profit and Loss | 16,84,507       | 18,40,943       |

Leave Plan (Unfunded)

| (i) | Actuarial Assumptions          | 31st March 2018                                   | 31st March 2017                                   |
|-----|--------------------------------|---|---|
|     | Discount Rate                  | 7.50% p.a   | 8.00% p.a.  |
|     | Rate of return on plan assets  | Not Applicable                                    | Not Applicable                                    |
|     | Compensation escalation rate * | 5.00% p.a.  | 5.00% p.a.  |
|     | Mortality rate                 | Indian Lives Mortality [1994-1996] Ultimate Table | Indian Lives Mortality [1994-1996] Ultimate Table |

\*The assumption of future salary increases takes into account the inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(In Rupees)

| (ii) | Reconciliation of present value of obligation:           | 31st March 2018 | 31st March 2017 |
|------|--|-----------------|-----------------|
|      | Present value of obligation at the beginning of the year | 53,34,830       | 42,92,508       |
|      | Current Service Cost                                     | 16,21,126       | 20,00,310       |
|      | Interest Cost  | 4,60,904        | 1,14,373        |
|      | Actuarial (gain)/loss                                    | 4,93,805        | 8,35,832        |
|      | Benefits Paid  | (19,60,362)     | (19,08,193)     |
|      | Curtailements  | -               | -               |
|      | Settlements  | -               | -               |
|      | Present value of obligation at the end of the year       | 59,50,303       | 53,34,830       |



(In Rupees)

| (iii) | <b>Reconciliation of fair value of plan assets :</b>   | <b>31st March 2018</b> | <b>31st March 2017</b> |
|-------|--|------------------------|------------------------|
|       | Fair value of plan assets at the beginning of the year | -                      | -                      |
|       | Expected return on plan assets                         | -                      | -                      |
|       | Actuarial gain/(loss)                                  | -                      | -                      |
|       | Contributions  | -                      | -                      |
|       | Benefits paid  | -                      | -                      |
|       | Assets distributed on settlement                       | -                      | -                      |
|       | Fair value of plan assets at the end of the year       | -                      | -                      |

(In Rupees)

| (iv) | <b>Net Asset Liability recognised in the Balance Sheet as at year end:</b>                    | <b>31st March 2018</b> | <b>31st March 2017</b> |
|------|---|------------------------|------------------------|
|      | Present value of obligation   | 59,50,303              | 53,34,830              |
|      | Fair value of plan assets   | -                      | -                      |
|      | Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet | 59,50,303              | 53,34,830              |

(In Rupees)

| (v) | <b>Expenses recognised in the Statement of Profit and Loss:</b> | <b>31st March 2018</b> | <b>31st March 2017</b> |
|-----|---|------------------------|------------------------|
|     | Current Service Cost  | 16,21,126              | 20,00,310              |
|     | Interest Cost   | 4,60,904               | 1,14,373               |
|     | Expected return on plan assets                                  | -                      | -                      |
|     | Actuarial (gain) /loss recognised in the period                 | 4,93,805               | 8,35,832               |
|     | Past Service Cost   | -                      | -                      |
|     | Curtailment cost  | -                      | -                      |
|     | Settlement cost   | -                      | -                      |
|     | Total expenses recognised in the Statement of Profit and Loss   | 25,75,835              | 29,50,515              |

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors.

**Note -2.32**

Disclosure of transactions with Related Parties as required by Accounting Standard - 18 on Related Party Disclosures as prescribed by Companies (Accounting Standards) Rules, 2006

| <b>A. Related parties and nature of relationship</b> |   |  |               |
|--|---|--|---------------|
| i.   | INKEL KSIDC Projects Limited                        | Subsidiary Company   |               |
| ii.  | INKEL KINFRA Infrastructure Projects Limited        | Subsidiary Company   |               |
| iii.   | INKES Trade Centre Limited                          | Subsidiary Company   |               |
| iv.  | INKEL- EKK Roads Private Limited                    | "Subsidiary Company (w.e.f 28-09-2016)"<br>Jointly Controlled Entity (upto 27-09-2016)           |               |
| v.   | Thalikulam PURA Private Limited                     | Subsidiary Company   |               |
| vi.  | Tirurangadi PURA Private Limited                    | Subsidiary Company   |               |
| vii.   | Seguro Foundations and Structures Private Limited   | Subsidiary Company (w.e.f 01-12-2017 )<br>Associate Company (w.e.f. 8-11-2017) (upto 30-11-2017) |               |
| viii.  | MIV Logistics Private Limited                       | Associate Company  |               |
| ix.  | Seguro - INKEL Consortium LLP                       | Subsidiary Entity (w.e.f 01-12-2017 )<br>Jointly Controlled Entity (upto 30-11-2017)             |               |
| x.   | Key Managerial Personnel                            |  |               |
|  | T. Balakrishnan                                     | Managing Director (upto 16-08-2017)  |               |
|  | Dr. Mohammed Sagheer                                | Managing Director (w.e.f. 17-08-2017)  |               |
| <b>B. Description of Transactions</b>                |   |  | (In Rupees)   |
| Nature of Transaction                                | Subsidiary/ Associate/<br>Jointly Controlled Entity | Key Managerial<br>Personnel  | Total         |
| <b>Income</b>  |   |  |               |
| <b>1 Project Management Services</b>                 |   |  |               |
| MIV Logistics Private Limited                        | 55,32,222   | -  | 55,32,222     |
|  | (23,33,210)   | -  | (23,33,210)   |
| INKEL KSIDC Projects Limited                         | 2,83,451  | -  | 2,83,451      |
|  | (1,54,08,352)                                       | -  | (1,54,08,352) |
| Seguro- INKEL Consortium LLP                         | 41,67,285   | -  | 41,67,285     |
|  | (35,97,687)   | -  | (35,97,687)   |
| INKEL EKK Roads Private Limited                      | 8,89,28,604   | -  | 8,89,28,604   |
|  | (3,36,42,260)                                       | -  | (3,36,42,260) |
| <b>2. Guarantee Commission Received</b>              |   |  |               |
| Seguro-INKEL Consortium LLP                          | 16,61,649   | -  | 16,61,649     |
|  | (22,01,165)   | -  | (22,01,165)   |
| INKEL EKK Roads Private Limited                      | -   | -  | -             |
|  | (1,22,00,000)                                       | -  | (1,22,00,000) |
| <b>3. Interest income from Loans<br/>Debentures</b>  |   |  |               |
| INKEL KSIDC Projects Limited                         | 3,07,59,363   | -  | 3,07,59,363   |
|  | (3,21,39,330)                                       | -  | (3,21,39,330) |

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|  |               |             |               |
|--|---------------|-------------|---------------|
| Seguro-INKEL Consortium LLP                            | 75,99,489     | -           | 75,99,489     |
|  | (1,67,86,340) | -           | (1,67,86,340) |
| <b>4. Facility Management Services</b>                 |               |             |               |
| INKEL KSIDC Projects Limited                           | 12,52,247     | -           | 12,52,247     |
|  | -             | -           | -             |
| MIV Logistics Private Limited                          | 51,74,650     | -           | 51,74,650     |
|  | (10,11,167)   | -           | (10,11,167)   |
| <b>5. Expenses Recovered</b>                           |               |             |               |
| MIV Logistics Private Limited                          | 7,23,557      | -           | 7,23,557      |
|  | -             | -           | -             |
| <b>Expenses</b>  |               |             |               |
| <b>1. Remuneration to Managing Director</b>            |               |             |               |
| Mr. T Balakrishnan                                     | -             | 29,32,356   | 29,32,356     |
|  | -             | (50,58,739) | (50,58,739)   |
| Dr. Mohammed Sagheer                                   | -             | 27,78,624   | 27,78,624     |
|  | -             | -           | -             |
| <b>2. Purchase of Assets</b>                           |               |             |               |
| INKEL KSIDC Projects Limited                           | -             | -           | -             |
|  | (93,70,791)   | -           | (93,70,791)   |
| MIV Logistics Private Limited                          | 54,051        | -           | 54,051        |
|  | -             | -           | -             |
| <b>Loans and Advances</b>                              |               |             |               |
| <b>1. INKEL KSIDC Projects Limited</b>                 |               |             |               |
| - Loan/Advances recovered                              | -             | -           | -             |
|  | (1,97,70,791) | -           | (1,97,70,791) |
| <b>2. Seguro-INKEL Consortium LLP</b>                  |               |             |               |
| - Loan/Advances given                                  | 12,26,919     | -           | 12,26,919     |
|  | (3,75,00,000) | -           | (3,75,00,000) |
| - Loan/Advances recovered                              | 5,04,00,000   | -           | 5,04,00,000   |
|  | (6,86,14,858) | -           | (6,86,14,858) |
| <b>3. INKEL KINFRA Infrastructure Projects Limited</b> |               |             |               |
| - Advances given                                       | 2,69,093      | -           | 2,69,093      |
|  | -             | -           | -             |
| - Loan/Advances transferred                            | 2,04,56,383   | -           | 2,04,56,383   |
|  | -             | -           | -             |
| <b>Share of Profit</b>                                 |               |             |               |
| <b>1. Seguro-INKEL Consortium LLP</b>                  |               |             |               |
|  | 13,01,864     | -           | 13,01,864     |
|  | (50,69,036)   | -           | (50,69,036)   |
| <b>Investments made during the year</b>                |               |             |               |
| <b>1. INKEL EKK Roads Private Limited</b>              |               |             |               |
|  | 12,00,00,000  | -           | 12,00,00,000  |
|  | (8,15,70,000) | -           | (8,15,70,000) |

|  |                  |            |                  |
|--|------------------|------------|------------------|
| 2. Seguro Foundation & Structures Private Limited              | 13,81,50,206     | -          | 13,81,50,206     |
|  | -                | -          | -                |
| <b>Investments written off during the year</b>                 |                  |            |                  |
| 1. INKEL KINFRA Infrastructure Projects Limited                | 7,40,000         | -          | 7,40,000         |
|  | -                | -          | -                |
| <b>Investments</b>   |                  |            |                  |
| 1. INKEL KINFRA Infrastructure Projects Limited                | -                | -          | -                |
|  | (7,40,000)       | -          | (7,40,000)       |
| 2. INKEL KSIDC Projects Limited                                | 18,32,34,120     | -          | 18,32,34,120     |
|  | (18,32,34,120)   | -          | (18,32,34,120)   |
| 3. INKES Trade Centre Limited                                  | 3,70,00,000      | -          | 3,70,00,000      |
|  | (3,70,00,000)    | -          | (3,70,00,000)    |
| 4. INKEL-EKK Roads Private Limited                             | 20,16,00,000     | -          | 20,16,00,000     |
|  | (8,16,00,000)    | -          | (8,16,00,000)    |
| 5. MIV Logistics Private Limited (Including Preference Shares) | 27,82,97,140     | -          | 27,82,97,140     |
|  | (27,82,97,140)   | -          | (27,82,97,140)   |
| 6. Seguro-INKEL Consortium LLP (Including share of profit)     | 1,17,93,637      | -          | 1,17,93,637      |
|  | (1,04,91,773)    | -          | (1,04,91,773)    |
| 7. Seguro Foundations and Structures Private Limited           | 13,81,50,206     | -          | 13,81,50,206     |
|  | -                | -          | -                |
| <b>Public Deposits Accepted during the year</b>                |                  |            |                  |
| 1. Mr. T Balakrishnan  | -                | -          | -                |
|  | -                | (5,00,000) | (5,00,000)       |
| <b>Public Deposits Outstanding at the end of the year</b>      |                  |            |                  |
| 1. Mr. T Balakrishnan  | -                | -          | -                |
|  | -                | (5,00,000) | (5,00,000)       |
| <b>Guarantee given during the year</b>                         |                  |            |                  |
| 1. Seguro-INKEL Consortium LLP                                 | -                | -          | -                |
|  | (33,50,00,000)   | -          | (33,50,00,000)   |
| 2. INKEL-EKK Roads Private Limited                             | -                | -          | -                |
|  | (1,22,00,00,000) | -          | (1,22,00,00,000) |
| <b>Guarantee given</b>   |                  |            |                  |
| 1. MIV Logistics Pvt Ltd                                       | 22,69,07,083     | -          | 22,69,07,083     |
|  | (23,20,09,630)   | -          | (23,20,09,630)   |
| 2. Seguro-INKEL Consortium LLP                                 | 11,19,15,500     | -          | 11,19,15,500     |
|  | (57,50,00,000)   | -          | (57,50,00,000)   |

|  |                                  |        |                                  |
|--|----------------------------------|--------|----------------------------------|
| 3. INKEL-EKK Roads Private Limited           | 87,30,10,562<br>(1,22,00,00,000) | -<br>- | 87,30,10,562<br>(1,22,00,00,000) |
| <b>Shares pledged during the year</b>        |                                  |        |                                  |
| 1. INKEL-EKK Roads Private Limited           | 10,32,00,000<br>-                | -<br>- | 10,32,00,000<br>-                |
| <b>Receivables</b>                           |                                  |        |                                  |
| 1. MIV Logistics Private Limited             | 1,91,01,160<br>(90,66,462)       | -<br>- | 1,91,01,160<br>(90,66,462)       |
| 2. INKEL KSIDC Projects Ltd.                 | 33,42,15,809<br>(31,67,35,999)   | -<br>- | 33,42,15,809<br>(31,67,35,999)   |
| 3. INKEL KINFRA Infrastructure Projects Ltd. | -<br>(2,01,87,290)               | -<br>- | -<br>(2,01,87,290)               |
| 4. Seguro-INKEL Consortium LLP               | 5,84,91,376<br>(11,01,30,055)    | -<br>- | 5,84,91,376<br>(11,01,30,055)    |
| 5. INKES Trade Centre Ltd                    | 11,59,798<br>(7,59,798)          | -<br>- | 11,59,798<br>(7,59,798)          |
| 6. INKEL-EKK Roads Private Limited           | 2,20,25,599<br>(2,58,90,420)     | -<br>- | 2,20,25,599<br>(2,58,90,420)     |

**2.32.1** Transactions in the nature of current account transactions have not been included in the above disclosure.

**2.32.2** Investments in subsidiary companies Thalikulam PURA Pvt Ltd and Tirurangadi PURA Pvt Ltd have been fully written off in the books of accounts during the year ended 31.03.2015 and Investments in INKEL KINFRA Infrastructure Projects Ltd has been fully written off in the books of accounts during the current year.

**Note - 2.33**

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) Rules 2006.

**Note 2.34 Interest in joint ventures**

**2.34.1. Seguro - INKEL Consortium LLP**

During the current year, the company has acquired 65% shares in Seguro Foundations and Structures Private Limited. Consequent to the acquisition, Seguro INKEL Consortium LLP is a subsidiary entity of the company. Accordingly, the disclosures under Accounting Standards (AS)-27 on Financial Reporting of Interests in Joint Ventures are not applicable at this stage. The disclosures for the previous year are as follows:

**Details of Revenue Transactions in the above said joint venture are as under :**

(Based on the Unaudited financial statements certified by the management of the Company)

(In Rupees)

| Particulars   | For the year<br>ended 31.03.2018 | For the year<br>ended 31.03.2017 |
|---|----------------------------------|----------------------------------|
| A.Total Revenue                                       | -                                | 31,91,03,998                     |
| B.Total Expenses(including tax expense)               | -                                | 30,89,65,925                     |
| C. Net Profit/(Loss) from the Joint Venture           | -                                | 1,01,38,073                      |
| D. Share of Income/(Loss) of the Company in the above | -                                | 50,69,036                        |

**Details of other items related to the interest in the JCE are as under:**

(In Rupees)

| Particulars  | As at 31.03.2018 | As at 31.03.2017                                |
|--|------------------|---|
| Ownership interest in the Joint Venture  |                  | 50%   |
| Name of the Other Venturer in the JCE  | -                | Seguro Foundations & Structures Private Limited |
| Assets of the Company related to interest in the JCE<br>-Advances granted to the JCE | -                | 11,01,30,055                                    |

**Note - 2.35 Contingent Liabilities not provided for :**

(In Rupees)

| Particulars  | As at 31.03.2018 | As at 31.03.2017 |
|--|------------------|------------------|
| a) Corporate guarantee issued in favour of -   |                  |                  |
| - MIV Logistics Private Limited  | 22,69,07,083     | 23,20,09,630     |
| - Seguro-INKEL Consortium LLP  | 11,19,15,500     | 57,50,00,000     |
| - INKEL-EKK Roads Private Limited  | 87,30,10,562     | 1,22,00,00,000   |
| b) Other Counter Guarantees issued in favour of Banks for the guarantees issued by the Banks | 7,51,00,000      | -                |
| c) Claims towards Building Tax   | 1,18,24,092      | 1,13,50,872      |
| d) Letters of credit Outstanding   | 3,25,31,900      | -                |

**Note - 2.36 Capital Commitments**

(In Rupees)

| Particulars  | As at 31.03.2018 | As at 31.03.2017 |
|--|------------------|------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | Nil              | 65,10,446        |

**Note - 2.37 Remittances in foreign currency**

**2.37.1. Dividend**

(In Rupees)

| Particulars                                | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|--|----------------------------------|----------------------------------|
| Year to which dividend relates             | Financial Year<br>2016-17        | Financial year<br>2015-2016      |
| Amount remitted during the year            | 66,00,000                        | 88,00,000                        |
| Number of non resident shareholders        | 4                                | 4                                |
| Number of shares on which dividend was due | 2,20,00,000                      | 2,20,00,000                      |

**2.37.2. Other Remittances**

(In Rupees)

| Particulars   | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|---|----------------------------------|----------------------------------|
| Conference Registration Fee and Travelling expenses | 1,86,155                         | Nil                              |

**Note - 2.38**

Figures have been rounded off to the nearest rupee. Previous year figures unless otherwise stated are given within brackets and have been regrouped and recast wherever necessary.

For and on behalf of the Board of Directors

As per our separate report of even date attached

**Dr Mohammed Sagheer**  
Managing Director  
DIN: 02802910

**M.M. Abdul Basheer**  
Director  
DIN: 00120916

**For Varma & Varma**  
Chartered Accountants  
Firm No.0045325

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094

**K. Padmadasan**  
Company Secretary

**George Raphael**  
Chief Financial Officer

Place :Kochi  
Date : 19-06-2018



## INDEPENDENT AUDITOR'S REPORT

To The Members of INKEL Limited,  
Thrikkakara

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of INKEL Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries – INKEL-KSIDC Projects Limited, INKEL-KINFRA Infrastructure Projects Limited, INKEL-EKK Roads Private Limited, Seguro Foundations and Structures Private Limited, Seguro-INKEL Consortium LLP and INKES Trade Centre Limited (the Holding company and its subsidiaries together referred to as “the Group”) and its associate (MIV Logistics Private Limited) comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies/ entity included in the Group including its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.



### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on the separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st March, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Emphasis of Matters

We draw attention to the following matters:

1. Note No 2.16.1 to the Consolidated Financial Statements which states that having regard to the plan for future operations of the associate and the realizable value of assets owned by the said Company, the management is of the opinion that there is no permanent diminution in the value of investment in preference shares.
2. Note No. 2.39 to the Consolidated Financial Statements which states that the management of INKEL-KINFRA Infrastructure Projects Ltd. has acknowledged the fact that it is not possible to get the lands transferred in the subsidiary Company's name and commence the commercial operations and that the management has decided to discontinue the project and hence the going concern assumption is vitiated and the financial statements for the current year are not prepared on going concern basis under historical cost convention method.

Our opinion is not modified in respect of the above matters.

## Other Matters

- a) We did not audit the financial statements/financial informations of the six subsidiaries whose financial statements /financial informations reflect total assets of ₹ 2,87,28,45,853/- and net assets of ₹ 76,96,96,427/- as at March 31, 2018, total revenues of ₹ 2,12,31,11,982/- and net cash outflow amounting to ₹ 1,01,61,879/- for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ Nil for the year ended 31st March, 2018 as considered in the consolidated financial statements, in respect of one associate company, as stated in Note No 2.16.2 to the Consolidated Financial Statements, whose financial statements/financial information have not been audited by us. These financial statements/financial informations have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.
- b) As stated in Note No 1.b.ii to the Consolidated Financial Statements, during the financial year 2014-15, the Holding Company has written off the book value of investments made in earlier years in the subsidiary companies Thalikulam PURA Private Limited and Tirurangadi PURA Private Limited for the reasons stated therein. Neither of these companies has any significant assets or liabilities. In view of the provisions of Accounting Standard -21 on Consolidated

Financial Statements, these entities have been excluded for the purpose of consolidation, the effect of which is not material.

- c) As stated in Note No 1.b.iv to the Consolidated Financial Statements, the financial statements/ financial information of Seguro Foundations and Structures Private Limited and Seguro-INKEL Consortium LLP drawn upto 30.11.2017 so as to ascertain Goodwill or Capital Reserve as at the date of acquisition are unaudited and are as certified by the management of the company and the entity.
- d) As stated in Note No 1.b.v to the Consolidated Financial Statements, the financial statements/ financial information of INKEL-EKK Roads Private Limited drawn on each stage so as to ascertain Goodwill or Capital Reserve as at each stage of acquisition are unaudited and are as certified by the management of the company.
- e) As stated in Note No 1.b.vi to the Consolidated Financial Statements, the Consolidated Financial Statements of the associate company – M/s. MIV Logistics Private Limited has been prepared using the unaudited financial statements of its associate company - M/s. Seabird Seaplane Private Limited, as stated in the Independent Auditor's Report on the Consolidated Financial Statements of the said company. In our opinion and according to the information and explanations given to us by the Management, the impact of the financial statements / financial information of M/s Seabird Seaplane Private Limited are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial control systems with reference to financial statements reporting of the companies in the Group including its associate company, which are companies incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on standalone financial statements as also the other financial information of the subsidiaries and associate company, as noted in the ‘Other matters’ paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate – Refer Note No 2.38 to the consolidated financial statements.
  - ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts other than in respect of the subsidiary company INKES Trade Centre Limited, who has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and associate company incorporated in India.

**Place:** Kochi-19  
19.06.2018

**For Varma & Varma Date:**  
Chartered Accountants  
Firm No.004532S

**Vijay Narayan Govind**  
Partner  
Membership No. 203094

**ANNEXURE A REFERRED TO IN PARAGRAPH 1(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INKEL LIMITED, ITS FIVE SUBSIDIARY COMPANIES AND ASSOCIATE COMPANY INCORPORATED IN INDIA FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of INKEL Limited (“hereinafter referred to as “the Holding Company”) and its five subsidiary companies – INKEL-KSIDC Projects Limited, INKEL-KINFRA Infrastructure Projects Limited, Seguro Foundations and Structures Private Limited, INKEL-EKK Roads Private Limited and INKES Trade Centre Limited (the Holding company and its subsidiary companies together referred to as “the Group companies”) and its associate company (MIV Logistics Private Limited), which are companies incorporated in India, as of and for the year ended March 31, 2018, we have audited the internal financial control systems with reference to financial statements reporting of the Group companies and its associate company, as of that date.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial control systems with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Group companies and its associate company’s internal financial control systems with reference to financial statements reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal

Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control systems with reference to financial statements reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control systems with reference to financial statements reporting and their operating effectiveness. Our audit of internal financial control systems with reference to financial statements reporting included obtaining an understanding of internal financial control systems with reference to financial statements reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group companies and its associate company’s internal financial controls system with reference to financial statements reporting.

### **Meaning of Internal Financial Controls with reference to Financial Statements reporting**

A company's internal financial control systems with reference to financial statements reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control systems with reference to financial statements reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls with reference to Financial Statements reporting**

Because of the inherent limitations of internal financial controls system with reference to financial statements reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls system with reference to financial statements reporting to future periods are subject to the risk that the internal financial controls system with reference to financial statements reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Holding Company, its subsidiary companies and associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2018, based on the internal financial controls system with reference to financial statements reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to financial statements reporting insofar as it relates to five subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**Place:** Kochi-19  
19.06.2018

**For Varma & Varma Date:**  
Chartered Accountants  
Firm No.004532S

**Vijay Narayan Govind**  
Partner  
Membership No. 203094



## INKEL LIMITED CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2018

| (In Rupees)  |          |                       |                       |
|--|----------|-----------------------|-----------------------|
| Particulars  | Note No. | As at 31.03.2018      | As at 31.03.2017      |
| <b>I. EQUITY AND LIABILITIES</b>   |          |                       |                       |
| <b>(1) Shareholder's Funds</b>   |          |                       |                       |
| (a) Share capital  | 2.1      | 1,63,02,70,000        | 1,63,02,70,000        |
| (b) Reserves and surplus   | 2.2      | 19,81,77,700          | 4,54,40,534           |
| (c) Minority Interest  | 2.3      | 21,93,25,312          | 12,39,17,005          |
| <b>(2) Share Application Money Pending Allotment</b>                                       | 2.4      | 23,72,325             | -                     |
| <b>(3) Non - Current Liabilities</b>   |          |                       |                       |
| (a) Long -term borrowings  | 2.5      | 98,06,55,499          | 32,91,48,942          |
| (b) Deferred tax liabilities (Net)   | 2.6      | 1,46,13,614           | 5,07,78,895           |
| (c) Other long -term liabilities   | 2.7      | 8,32,68,511           | 3,92,38,403           |
| (d) Long - term provisions   | 2.8      | 91,07,462             | 38,07,383             |
| <b>(4) Current Liabilities</b>   |          |                       |                       |
| (a) Short term borrowings  | 2.9      | 46,33,95,961          | 5,63,27,823           |
| (b) Trade payables   | 2.10     |                       |                       |
| i. Total outstanding dues of micro enterprises and small enterprises; and                  |          | 5,73,745              | -                     |
| ii. Total outstanding dues of creditors other than micro enterprises and small enterprises |          | 25,46,37,370          | 6,67,70,969           |
| (c) Other current liabilities  | 2.11     | 36,53,83,738          | 22,53,63,662          |
| (d) Short term provisions  | 2.12     | 6,85,90,935           | 2,49,76,844           |
| <b>TOTAL</b>   |          | <b>4,29,03,72,172</b> | <b>2,59,60,40,460</b> |
| <b>II. ASSETS</b>  |          |                       |                       |
| <b>(1) Non - current assets</b>  |          |                       |                       |
| (a) Fixed assets   |          |                       |                       |
| i. Tangible assets (Property, Plant and Equipment)   | 2.13     | 1,14,81,63,652        | 1,09,75,77,006        |
| ii. Intangible assets  | 2.13     | 1,77,267              | 2,26,547              |
| iii. Capital work - in - progress  | 2.14     | 3,37,19,732           | 40,23,81,077          |
| iv. Intangible assets under development  | 2.15     | 6,59,375              | -                     |
| (b) Goodwill on Consolidation  |          | 6,08,941              | 3,34,381              |
| (c) Non - current investments  | 2.16     | 19,09,69,173          | 16,05,00,000          |
| (d) Long -term loans and advances  | 2.17     | 14,76,47,896          | 12,41,85,380          |
| (e) Other non-current assets   | 2.18     | 1,39,09,69,617        | 4,58,77,862           |
| <b>(2) Current Assets</b>  |          |                       |                       |
| (a) Inventories  | 2.19     | 3,14,20,302           | -                     |
| (b) Trade receivables  | 2.20     | 43,74,90,184          | 21,67,08,771          |
| (c) Cash and cash equivalents  | 2.21     | 41,80,91,161          | 36,68,16,040          |
| (d) Short - term loans and advances  | 2.22     | 13,63,53,043          | 15,68,07,085          |
| (e) Other current assets   | 2.23     | 35,41,01,829          | 2,46,26,311           |
| <b>TOTAL</b>   |          | <b>4,29,03,72,172</b> | <b>2,59,60,40,460</b> |

Significant accounting policies and consolidated notes to accounts  
The accompanying notes are an integral part of the financial statements

1&2

For and on behalf of the Board of Directors

As per our separate report of even date attached

**Dr Mohammed Sagheer**  
Managing Director  
DIN: 02802910

**M.M Abdul Basheer**  
Director  
DIN:00120916

**For Varma & Varma**  
Chartered Accountants  
Firm No.004532S

**K. Padmasadan**  
Company Secretary

**George Raphael**  
Chief Financial Officer

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094

Place : Kochi  
Date : 19.06.2018

INKEL LIMITED  
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH,2018

| (In Rupees)  |          |                                  |                                  |
|--|----------|----------------------------------|----------------------------------|
| Particulars  | Note No. | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
| I. Revenue from Operations   | 2.24     | 1,91,30,32,816                   | 40,77,33,895                     |
| II. Other Income   | 2.25     | 4,78,79,539                      | 3,80,90,616                      |
| <b>III. Total Revenue (I+II)</b>   |          | <b>1,96,09,12,355</b>            | <b>44,58,24,511</b>              |
| <b>IV. Expenses:</b>   |          |                                  |                                  |
| Cost of land acquired/building/amenities constructed and disposed<br>(on Long Term Finance Lease Agreements)     | 2.26     | 4,80,31,462                      | 6,39,53,246                      |
| Purchases of Stock-in-Trade  | 2.27     | 17,66,49,295                     | 6,06,88,285                      |
| Changes in Inventory   | 2.28     | (2,11,05,461)                    | -                                |
| Operating, Works Contract and Project Expenses   | 2.29     | 1,19,04,68,404                   | 12,36,07,416                     |
| Employee Benefits Expense  | 2.30     | 7,47,52,054                      | 4,74,64,447                      |
| Finance costs  | 2.31     | 9,75,38,301                      | 2,57,39,041                      |
| Depreciation and Amortisation Expense  | 2.13     | 4,67,11,742                      | 4,64,71,390                      |
| Other Expenses   | 2.32     | 13,07,54,154                     | 7,20,19,714                      |
| <b>Total Expenses</b>  |          | <b>1,74,37,99,951</b>            | <b>43,99,43,539</b>              |
| <b>V. Profit/(Loss) Before Tax (III - IV)</b>  |          | <b>21,71,12,404</b>              | <b>58,80,972</b>                 |
| <b>VI. Tax Expense:</b>  |          |                                  |                                  |
| (1) Current tax  |          | 5,06,90,310                      | 3,73,20,842                      |
| Less: MAT credit entitlement   |          | -                                | 1,28,24,458                      |
| Net current tax  |          | 5,06,90,310                      | 2,44,96,384                      |
| (2) Tax - prior years  |          | -                                | 2,74,415                         |
| (3) Deferred tax   |          | (2,74,65,480)                    | 25,56,749                        |
| <b>VII. Profit/(Loss) for the year before Minority Interest, Share in Net Profit/ (Loss) of Associate (V-VI)</b> |          | <b>19,38,87,574</b>              | <b>(2,14,46,576)</b>             |
| <b>VIII. Share of Profit/ (Loss) of Associate Company</b>  |          | -                                | -                                |
| <b>IX. Profit/ (Loss) for the year (VII-VIII)</b>  |          | <b>19,38,87,574</b>              | <b>(2,14,46,576)</b>             |
| <b>X. Profit/ (Loss) attributable to</b>   |          |                                  |                                  |
| Owners of the Company  |          | 17,89,03,615                     | (1,18,60,399)                    |
| Minority Interest  |          | 1,49,83,959                      | (95,86,177)                      |
|  |          | <b>19,38,87,574</b>              | <b>(2,14,46,576)</b>             |
| <b>XI. Earnings per Equity Share:</b>  | 2.33     |                                  |                                  |
| Face value of share ₹ 10/- (₹ 10/-)  |          |                                  |                                  |
| (1) Basic  |          | 1.10                             | (0.07)                           |
| (2) Diluted  |          | 1.10                             | (0.07)                           |

Significant accounting policies and consolidated notes to accounts  
The accompanying notes are an integral part of the financial statements

1 & 2

For and on behalf of the Board of Directors

As per our separate report of even date attached

Dr Mohammed Sagheer  
Managing Director  
DIN: 02802910

M.M Abdul Basheer  
Director  
DIN:00120916

For Varma & Varma  
Chartered Accountants  
Firm No.0045325

K. Padmadasan  
Company Secretary

George Raphael  
Chief Financial Officer

Vijay Narayan Govind  
(Partner)  
Membership No. 203094

Place : Kochi  
Date : 19.06.2018

INKEL LIMITED  
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(In Rupees)

|          | Particulars   | For the Year ended<br>31.03.2018 | For the Year ended<br>31.03.2017 |
|----------|---|----------------------------------|----------------------------------|
| <b>A</b> | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                                  |                                  |
|          | Profit Before Taxation and exceptional items  | 21,71,12,404                     | 58,80,972                        |
|          | Adjustments for :   |                                  |                                  |
|          | Depreciation and Amortisation   | 4,67,11,742                      | 4,64,71,390                      |
|          | Provision for Doubtful Debts  | 1,37,84,249                      | -                                |
|          | Provision for Doubtful Advances   | 92,53,126                        | -                                |
|          | (Profit)/Loss on sale of Assets(Net)  | 1,487                            | (1,43,715)                       |
|          | Interest Income   | (4,31,38,250)                    | (2,33,91,896)                    |
|          | Interest Expense  | 9,75,38,301                      | 2,57,39,041                      |
|          | Share of (Profit)/Loss from A V Associates  | 959                              | -                                |
|          | Conversion of fixed assets to current assets  | 4,80,31,462                      | 6,39,53,246                      |
|          | <b>Operating profit before Working Capital Changes</b>                              | <b>38,92,95,480</b>              | <b>11,85,09,038</b>              |
|          | Changes in Working Capital  |                                  |                                  |
|          | Adjustments for ( Increase )\Decrease in Operating Assets                           |                                  |                                  |
|          | Trade Receivables   | (3,01,52,146)                    | 16,47,14,961                     |
|          | Increase in Inventories   | (2,11,05,461)                    | -                                |
|          | Short term loans and advances   | 2,36,10,193                      | (5,39,20,294)                    |
|          | Other Current Assets  | (4,19,96,806)                    | (1,20,72,356)                    |
|          | Long term Loans and Advances  | 2,57,51,943                      | (61,45,432)                      |
|          | Other Non Current Assets  | (96,17,83,231)                   | (39,38,994)                      |
|          |   | <b>(1,00,56,75,508)</b>          | <b>8,86,37,885</b>               |
|          | Adjustments for increase ( Decrease ) in Operating Liabilities                      |                                  |                                  |
|          | Trade Payables  | 9,69,32,635                      | 4,39,60,121                      |
|          | Other Current Liabilities   | 14,79,27,584                     | 4,45,15,878                      |
|          | Short term Provisions   | (9,40,421)                       | (14,55,771)                      |
|          | Long term Provisions  | 28,61,795                        | 13,53,951                        |
|          | Long Term Liabilities   | 4,40,30,108                      | 1,35,72,080                      |
|          |   | <b>29,08,11,701</b>              | <b>10,19,46,259</b>              |
|          | <b>Cash generated from Operations</b>   | <b>(32,55,68,327)</b>            | <b>30,90,93,182</b>              |
|          | Taxes Paid  | (5,43,89,904)                    | (3,63,56,141)                    |
|          | <b>Net Cash Used in Operating activities - ( A )</b>                                | <b>(37,99,58,231)</b>            | <b>27,27,37,041</b>              |
| <b>B</b> | <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |                                  |                                  |
|          | Purchase of Fixed Assets including Capital WIP                                      | (10,77,03,012)                   | (38,01,08,699)                   |
|          | Proceeds from sale of Fixed assets  | 16,037                           | 2,88,557                         |
|          | (Investments)/Sale of Equity shares/Preference Shares                               | (13,81,50,206)                   | -                                |
|          | Interest received on deposits   | 4,26,79,069                      | 3,11,75,646                      |
|          | Goodwill on Consolidation   | -                                | (3,34,381)                       |
|          | <b>Net Cash Used in Investing activities - ( B )</b>                                | <b>(20,31,58,112)</b>            | <b>(34,89,78,877)</b>            |
| <b>C</b> | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                                  |                                  |
|          | Dividend paid   | (4,89,85,206)                    | (6,49,65,400)                    |
|          | Dividend distribution tax paid  | (99,56,540)                      | (1,32,75,385)                    |
|          | Share application money received  | 23,72,325                        | -                                |
|          | Interest paid   | (9,69,17,196)                    | (2,30,25,081)                    |
|          | Adjustments towards minority interest   | -                                | 7,84,00,000                      |
|          | Proceeds from Short Term Borrowings   | 18,76,34,359                     | -                                |
|          | Proceeds from Borrowings  | 56,81,55,507                     | 26,15,93,595                     |
|          | <b>Net Cash Generated By Financing Activities - ( C )</b>                           | <b>60,23,03,249</b>              | <b>23,87,27,729</b>              |
|          | <b>Net increase in Cash and Cash equivalents(A+B+C)</b>                             | <b>1,91,86,906</b>               | <b>16,24,85,893</b>              |
|          | <b>Cash and Cash equivalents at the beginning of the year ( See note (I) below)</b> | <b>39,89,04,255</b>              | <b>20,43,30,147</b>              |
|          | <b>Closing Cash And Cash Equivalents</b>  | <b>41,80,91,161</b>              | <b>36,68,16,040</b>              |

Note :

i. Opening Cash and Cash equivalents includes ₹ 3,20,88,215/- in respect of subsidiaries acquired during the year.

ii. In case of the Company, Cash and Cash Equivalents at the end of the year includes ₹ 13,85,41,572/- (₹ 7,84,33,734/-) held under Lien, ₹5,25,150/- (₹ 5,70,406/-) deposited in unpaid dividend account which is earmarked for payment of dividend, ₹ 3,17,853/- (₹ 2,54,606/-) with a maturity period of more than 12 months and ₹ 1,19,61,046/- (₹ 1,00,99,500/-) deposited in Deposit Repayment Reserve which is earmarked for repayment of public deposits.

For and on behalf of the Board of Directors

As per our separate report of even date attached

**Dr Mohammed Sagheer**  
**Managing Director**  
DIN: 02802910

**M.M. Abdul Basheer**  
**Director**  
DIN: 00120916

**For Varma & Varma**  
Chartered Accountants  
Firm No.004532S

**K. Padmadasan**  
**Company Secretary**

**George Raphael**  
**Chief Financial Officer**

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094

Place : Kochi  
Date : 19.06.2018

INKEL LIMITED  
NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2018

NOTE - 2.1 SHARE CAPITAL

(In Rupees)

| Particulars                            | As at 31-03-2018    |                       | As at 31-03-2017    |                       |
|--|---------------------|-----------------------|---------------------|-----------------------|
|  | Number of Shares    | Amount                | Number of Shares    | Amount                |
| <b>SHARE CAPITAL</b>                   |                     |                       |                     |                       |
| <b>Authorised Equity Share Capital</b> |                     |                       |                     |                       |
| Equity Shares of ₹ 10/- (₹ 10/-) each  | 20,00,00,000        | 2,00,00,00,000        | 20,00,00,000        | 2,00,00,00,000        |
|  | <b>20,00,00,000</b> | <b>2,00,00,00,000</b> | <b>20,00,00,000</b> | <b>2,00,00,00,000</b> |
| <b>Issued, Subscribed and Paid up</b>  |                     |                       |                     |                       |
| Equity Shares of ₹ 10/- (₹ 10/-) each  | 16,30,27,000        | 1,63,02,70,000        | 16,30,27,000        | 1,63,02,70,000        |
|  | <b>16,30,27,000</b> | <b>1,63,02,70,000</b> | <b>16,30,27,000</b> | <b>1,63,02,70,000</b> |

2.1.1 Terms/ Rights attached to Equity Shares

The company has only one class of shares referred to as equity shares with a face value of ₹ 10/- (₹ 10/-) 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

(In Rupees)

| Particulars  | As at 31-03-2018 |                | As at 31-03-2017 |                |
|--|------------------|----------------|------------------|----------------|
|  | Number of Shares | Amount         | Number of Shares | Amount         |
| <b>Equity Shares</b>   |                  |                |                  |                |
| As at the beginning of the financial year                                    | 16,30,27,000     | 1,63,02,70,000 | 16,30,27,000     | 1,63,02,70,000 |
| Shares issued during the financial year                                      | -                | -              | -                | -              |
| As at the end of the financial year  | 16,30,27,000     | 1,63,02,70,000 | 16,30,27,000     | 1,63,02,70,000 |
| <b>Particulars of Shareholders holding more than 5% share in the Company</b> |                  |                |                  |                |
| Govt. of Kerala - 24.84 % (Previous year 24.84 %)                            | 4,05,00,000      | 40,50,00,000   | 4,05,00,000      | 40,50,00,000   |
| Bismi Holdings Ltd - 6.75 % (Previous year 6.75 %)                           | 1,10,00,000      | 11,00,00,000   | 1,10,00,000      | 11,00,00,000   |
| Shri. Yusuffali M A - 15.13 % (Previous year 15.13 %)                        | 2,46,66,000      | 24,66,60,000   | 2,46,66,000      | 24,66,60,000   |
| Shri. Varghese Kurian - 6.75 % (Previous year 6.75 %)                        | 1,10,00,000      | 11,00,00,000   | 1,10,00,000      | 11,00,00,000   |
| Dr.Mohamed Ali - 6.44 % (Previous year 6.44 %)                               | 1,05,00,000      | 10,50,00,000   | 1,05,00,000      | 10,50,00,000   |

**INKEL LIMITED**  
**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2018**

| <b>NOTE - 2.2 RESERVES AND SURPLUS</b>                                 |                         | (In Rupees)             |  |
|--|-------------------------|-------------------------|--|
| <b>Particulars</b>   | <b>As at 31-03-2018</b> | <b>As at 31-03-2017</b> |  |
| Surplus  |                         |                         |  |
| Opening Balance  | 4,54,40,534             | 6,10,26,741             |  |
| Net Profit/(Loss) after tax as per Statement of Profit and Loss        | 17,89,03,615            | (1,18,60,399)           |  |
| Closing Balance  | <b>22,43,44,149</b>     | <b>4,91,66,342</b>      |  |
| Amount Available for Appropriation                                     |                         |                         |  |
| Less: Appropriations   |                         |                         |  |
| Final Dividend   | 4,89,08,100             | -                       |  |
| Dividend Distribution Tax  | 99,56,540               | -                       |  |
| <b>Total Appropriations</b>  | <b>5,88,64,640</b>      | <b>-</b>                |  |
| Closing Balance  | <b>16,54,79,509</b>     | <b>4,91,66,342</b>      |  |
| Capital Reserve (transfer of intercompany loan receivable from KINFRA) | 1,51,37,723             | -                       |  |
| Capital Reserve on Consolidation                                       | 1,38,34,660             | -                       |  |
| Less: Minority Interest adjusted (as per contra)                       | -                       | 37,25,808               |  |
| Add: Adjusted against majority interest (as per contra)                | 37,25,808               | -                       |  |
|  | <b>19,81,77,700</b>     | <b>4,54,40,534</b>      |  |

**2.2.1** The Board of Directors of the company has proposed final dividend of ₹ 0.35/- (₹ 0.30/-) per share, which is subject to approval by the share holders at the ensuing Annual General Meeting.

| <b>NOTE - 2.3 MINORITY INTEREST</b>  |                         | (In Rupees)             |  |
|--|-------------------------|-------------------------|--|
| <b>Particulars</b>   | <b>As at 31-03-2018</b> | <b>As at 31-03-2017</b> |  |
| Share Capital  | 18,94,36,274            | 15,60,39,554            |  |
| Add: Share of accumulated reserves   | 1,30,37,667             | (2,62,62,180)           |  |
| Add: Profit/(Loss) for the year transferred from Statement of Profit and Loss  | 1,49,83,959             | (95,86,177)             |  |
| Less: Transfer to goodwill on acquisition by majority interest (as per contra) | (2,74,560)              | -                       |  |
| Add: Adjustment towards transfer of intercompany loan receivable from KINFRA   | 53,18,660               | -                       |  |
| Add: Adjusted against majority interest (as per contra)                        | -                       | 37,25,808               |  |
| Less: Adjusted against majority (as per contra)                                | 37,25,808               | -                       |  |
| <b>Closing Balance</b>   | <b>21,93,25,312</b>     | <b>12,39,17,005</b>     |  |

| <b>NOTE - 2.4 SHARE APPLICATION MONEY PENDING ALLOTMENT</b> |                         | (In Rupees)             |  |
|---|-------------------------|-------------------------|--|
| <b>Particulars</b>  | <b>As at 31-03-2018</b> | <b>As at 31-03-2017</b> |  |
| Share Capital Advance - Pending Allotment                   | 15,81,550               | -                       |  |
| Share Premium Advance - Pending Allotment                   | 7,90,775                | -                       |  |
|   | <b>23,72,325</b>        | <b>-</b>                |  |

**2.4.1**

- Number of shares proposed to be issued out of the share application money received till 31.3.2018: 1,58,155
- Amount of premium included : ₹ 7,90,775/-
- Date by which shares are proposed to be allotted: 29.5.2018
- The Company has sufficient authorised capital to cover the share capital amount resulting from allotment of shares out of the application money.

## NOTE - 2.5 LONG TERM BORROWINGS

(In Rupees)

| Particulars   | As at 31-03-2018    | As at 31-03-2017    |
|---|---------------------|---------------------|
| <b>Term Loans (Secured)</b>   |                     |                     |
| From Banks  |                     |                     |
| Term loan from State Bank of India (See Note 2.5.1)                           | 48,32,30,646        | 12,01,06,169        |
| Term loan from Corporation Bank (See Note 2.5.1)                              | 38,97,79,916        | 9,68,79,773         |
| Term loan ICICI Bank - Vehicle Loan (See Note 2.5.5)                          | 2,98,111            | -                   |
| Term loan ICICI Bank - Machinery Loan (See Note 2.5.5)                        | 16,64,071           | -                   |
| From other parties  |                     |                     |
| Unsecured (See Note 2.5.2)  | 2,00,00,000         | 3,00,00,000         |
| <b>Deposits</b>   |                     |                     |
| Unsecured (See Note 2.5.3)  | 7,38,43,000         | 8,21,63,000         |
| <b>Loans and advances from related parties</b>                                |                     |                     |
| From Directors (In case of Seguro Foundations and Structures Private Limited) |                     |                     |
| Unsecured   | 1,18,39,755         | -                   |
|   | <b>98,06,55,499</b> | <b>32,91,48,942</b> |

**2.5.1** In case of the subsidiary company INKEL-EKK Roads Private Limited, State Bank of India and Corporation Bank have sanctioned a Term Loan of ₹ 72,00,00,000/- (Including Non Fund limit of ₹ 10,00,00,000/-) and ₹ 50,00,00,000/- respectively to the company, by creating an equitable mortgage on the land and on all movable assets excluding current assets of the Borrower, both present and future. Outstanding Balance in Term loan as on 31.03.2018 was ₹ 87,30,10,562/-.

**2.5.2** In case of the company, the above interest free loan was sanctioned by the State Level Export Promotion Committee (SLEPC) under the Assistance to States for developing Export Infrastructure and other Allied Activities (ASIDE) Scheme implemented by Kerala Industrial Infrastructure Development Corporation (KINFRA) acting as the Government of Kerala appointed Nodal agency. The loan is repayable in three annual instalments of ₹ 1 crore each starting from the fourth year of disbursement, to be paid before 31st March 2019, 31st March 2020 & 31st March 2021 respectively.

**2.5.3** Deposits accepted by the company from various parties and interest thereon are repayable over the agreed terms. The details are as follows:

| Terms of Repayment | Cumulative basis |             | Non-Cumulative basis |             |
|--------------------|------------------|-------------|----------------------|-------------|
|                    | Rate             | Amount      | Rate                 | Amount      |
| Within 1 year      | 11.46%           | 57,20,000   | 11.00%               | 26,00,000   |
| Within 2 years     | 12.01%           | 3,51,89,000 | 11.50%               | 3,86,54,000 |
| Total              |                  | 4,09,09,000 |                      | 4,12,54,000 |

Interest is payable on a quarterly/maturity basis in accordance with the terms agreed with the depositors.

**2.5.4** Deposits received from directors during the year ₹ Nil/- (₹ 5,00,000/-)

**2.5.5** Vehicle Loans and Machinery/Equipment loans are secured by hypothecation of corresponding vehicle and Machinery/Equipment.

## NOTE - 2.6 DEFERRED TAX LIABILITIES (NET)

(In Rupees)

| Particulars  | As at 31-03-2018   | As at 31-03-2017   |
|--|--------------------|--------------------|
| <b>A. Deferred Tax Liability</b>   |                    |                    |
| On excess of net book value over Income tax written down value of fixed assets | 4,37,11,973        | 6,28,66,589        |
| <b>B. Deferred Tax Assets</b>  |                    |                    |
| On Provisions/other disallowances  | 2,90,98,359        | 1,20,87,694        |
| <b>Net deferred Tax Liability</b>  | <b>1,46,13,614</b> | <b>5,07,78,895</b> |

## NOTE - 2.7 OTHER LONG TERM LIABILITIES

| (In Rupees)                                     |                    |                    |
|---|--------------------|--------------------|
| Particulars                                     | As at 31-03-2018   | As at 31-03-2017   |
| Security Deposits                               | 52,19,647          | 48,17,409          |
| Interest accrued but not due on borrowings      | 62,29,022          | 23,32,092          |
| Employee Gratuity Fund                          | 21,185             | 3,998              |
| Lease Premium received in advance (INKEL Green) | -                  | 1,14,71,739        |
| Recovery against Future Expenditure             | 1,18,45,968        | 33,79,044          |
| Retention & Earnest Money Deposit               | 5,97,25,262        | 1,72,34,121        |
| Performance Guarantee Payable                   | 2,27,427           | -                  |
|   | <b>8,32,68,511</b> | <b>3,92,38,403</b> |

## NOTE - 2.8 LONG TERM PROVISIONS

| (In Rupees)  |                  |                  |
|--|------------------|------------------|
| Particulars  | As at 31-03-2018 | As at 31-03-2017 |
| <b>Provision for Employee Benefits (See Note 2.34)</b> |                  |                  |
| - Provision for Gratuity                               | 34,74,648        | -                |
| - Provision for Leave Encashment                       | 56,32,814        | 38,07,383        |
|  | <b>91,07,462</b> | <b>38,07,383</b> |

## NOTE - 2.9 SHORT TERM BORROWINGS

| (In Rupees)                           |                     |                    |
|---------------------------------------|---------------------|--------------------|
| Particulars                           | As at 31-03-2018    | As at 31-03-2017   |
| From Banks (Secured)                  |                     |                    |
| Federal Bank Limited (See Note 2.9.1) | 46,33,95,961        | 4,59,77,823        |
| Deposits                              |                     |                    |
| Unsecured                             | -                   | 1,03,50,000        |
|                                       | <b>46,33,95,961</b> | <b>5,63,27,823</b> |

**2.9.1** In case of the subsidiary entity - M/s Seguro-INKEL Consortium LLP, cash credit loan availed from Federal Bank, sanctioned on 23.04.2015 with a limit of ₹ 50 Crore against the security of Hypothecation of Bill Receivables with 35% Margin, Fixed Deposit for ₹ 3 crore & Collateral Security (Mortgaged Piravom Land) of INKEL Limited.

**2.9.2** In case of the subsidiary company- M/s Seguro Foundations and Structures Private Limited, working capital loans are secured by EM of immovable property of the company and related parties, personal property of the directors, related parties and on the hypothecation of work in progress, bills receivables and stock of materials at site of the company.

## NOTE - 2.10 TRADE PAYABLES

| (In Rupees)  |                     |                    |
|--|---------------------|--------------------|
| Particulars  | As at 31-03-2018    | As at 31-03-2017   |
| Trade Payables ( See Note 2.10.1)  |                     |                    |
| i. Total outstanding dues of micro enterprises & small enterprises; and                  | 5,73,745            | -                  |
| ii. Total outstanding dues of creditors other than micro enterprises & small enterprises | 25,46,37,370        | 6,67,70,969        |
|  | <b>25,52,11,115</b> | <b>6,67,70,969</b> |

2.10.1 The group has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006 and the same is in progress. Based on available information, there are no balance outstanding as payable to such suppliers as at the year end. In the opinion of the management there are no amounts paid/payable towards interest under the said statute. Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows:



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| Particulars   | As at 31.03.2018 | As at 31.03.2017 |
|---|------------------|------------------|
| a. Principal Amount remaining unpaid but not due as at the year end   | 5,73,745         | -                |
| b. Interest due thereon and remaining unpaid as at the year end.  | -                | -                |
| c. Interest paid by the group in terms of Section 16 of Micro, Small & Medium Enterprises Development Act 2006 along with the amount of payment made to the supplier beyond the appointed day during the year.  | -                | -                |
| d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.  | -                | -                |
| e. Interest accrued and remaining unpaid as at the year end   | -                | -                |
| f. Further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | -                | -                |

## NOTE - 2.11 OTHER CURRENT LIABILITIES

| Particulars                                | As at 31-03-2018    | As at 31-03-2017    |
|--|---------------------|---------------------|
| Current maturities of Long Term Debt       |                     |                     |
| - Term Loan                                | 2,14,85,295         | -                   |
| - Public deposit                           | 83,20,000           | -                   |
| Accounts Payable - Capital                 | 2,78,10,543         | 12,12,10,642        |
| Interest accrued but not due on borrowings | 10,02,973           | 3,81,868            |
| Lease hold Premium received in advance     | 1,68,81,487         | 2,66,62,550         |
| Unpaid Dividend                            | 4,93,300            | 5,70,406            |
| Other Payables                             |                     |                     |
| Advance From Customers/Clients             |                     |                     |
| - for Deposit Work                         | 20,28,10,813        | 3,43,58,231         |
| - Others                                   | 1,10,40,284         | -                   |
| Retention Money payable                    | 1,90,69,620         | 61,88,819           |
| Statutory Dues                             | 1,78,14,677         | 3,54,51,735         |
| Security Deposit / Earnest Money Deposit   | 23,71,411           | 5,39,411            |
| Expenses Payable                           | 56,43,519           | -                   |
| Mobilisation Advance Received              | 3,06,39,816         | -                   |
|  | <b>36,53,83,738</b> | <b>22,53,63,662</b> |

## NOTE - 2.12 SHORT TERM PROVISIONS

| Particulars                                     | As at 31-03-2018   | As at 31-03-2017   |
|---|--------------------|--------------------|
| Provision for employee benefits (See Note 2.34) |                    |                    |
| - Provision for Leave Encashment                | 7,97,351           | 18,83,441          |
| - Provision for Gratuity                        | 13,79,740          | 9,63,151           |
| Provision for Income Tax                        | 6,64,13,844        | 2,21,30,252        |
|   | <b>6,85,90,935</b> | <b>2,49,76,844</b> |

## NOTE - 2.14 CAPITAL WORK IN PROGRESS

| Particulars                                     | As at 31-03-2018   | As at 31-03-2017    |
|---|--------------------|---------------------|
| Building under construction - Materials in hand | -                  | 75,000              |
| Projects under implementation (See Note 2.14.1) | 3,37,19,732        | 40,23,06,077        |
|   | <b>3,37,19,732</b> | <b>40,23,81,077</b> |

**2.14.1** In case of the subsidiary company- INKEL-KSIDC Projects Limited, projects under implementation includes Tower 3 & 4 ₹58,28,131/- (₹ 56,45,626/-), Building Centre ₹ 6,19,903/- (₹ 6,19,903/-), Executive Accomodation ₹ 3,78,365/- (₹ 3,78,365/-) & Power Supply ₹2,34,14,006/- (₹ 1,99,58,234/-).

## NOTE - 2.15 INTANGIBLE ASSETS UNDER DEVELOPMENT

| Particulars       | As at 31-03-2018 | As at 31-03-2017 |
|-------------------|------------------|------------------|
| Computer Software | 6,59,375         | -                |
|                   | <b>6,59,375</b>  | <b>-</b>         |

**NOTE - 2.16 NON CURRENT INVESTMENTS**

(In Rupees)

| Particulars  | As at 31-03-2018    | As at 31-03-2017    |
|--|---------------------|---------------------|
| <b>a) Investments in Equity Instruments</b><br><b>(Un-quoted, Trade, at cost)</b>  |                     |                     |
| <b>i) In Associate companies</b>   |                     |                     |
| -MIV Logistics Pvt Ltd<br>1,18,29,714 (1,18,29,714) Equity Shares of ₹10/-each, Fully Paid up                              |                     |                     |
| <b>Opening Balance</b>   | -                   | -                   |
| Less: Share of Profit/ (Loss) of Associate (See Note No. 2.16.2)   | -                   | -                   |
| <b>Closing Balance</b>   | -                   | -                   |
| <b>ii) In Others</b>   |                     |                     |
| - KV Apartments Pvt Ltd<br>5,000 (5,000) Equity Shares of ₹100/- each, fully paid up                                       | 5,00,000            | 5,00,000            |
| <b>b) Investments in Preference Instruments</b><br><b>(Un-quoted, Trade, at cost)</b>                                      |                     |                     |
| <b>i) In Associate companies</b>   |                     |                     |
| - MIV Logistics Pvt Ltd<br>1,60,00,000 (1,60,00,000) Optionally Convertible Preference Shares of ₹10/- each, fully paid up | 16,00,00,000        | 16,00,00,000        |
| <b>c) Investment in Partnership Firm</b>   |                     |                     |
| - A.V Associates-Partnership   | 3,04,69,173         | -                   |
| <b>Total Investments (a) + (b) + (c)</b>   | <b>19,09,69,173</b> | <b>16,05,00,000</b> |
| Aggregate amount of unquoted investments   | <b>19,09,69,173</b> | <b>16,05,00,000</b> |

**2.16.1** Having regard to the plans for future operations of the associate company and the realizable value of assets owned by the said Company, the management is of the opinion that there is no permanent diminution in the value of investment in preference shares.

**2.16.2** The Company's accumulated share of losses in the consolidated financial statements of the associate company M/s MIV Logistics Pvt Ltd amounting to ₹ 6,19,274 /- (₹ 1,18,75,669/-) exceeds the carrying amount of the investment and hence the investment in Associate company is reported at nil value in accordance with Accounting Standard - 23 on Accounting for Investments in Associates in Consolidated Financial Statements as prescribed by Companies (Accounting Standards) Rules, 2006.

**NOTE - 2.17 LONG TERM LOANS AND ADVANCES**

(In Rupees)

| Particulars   | As at 31-03-2018    | As at 31-03-2017    |
|---|---------------------|---------------------|
| (Unsecured, considered good)                              |                     |                     |
| Capital Advances  | -                   | 5,68,447            |
| Security Deposits   | 4,06,06,426         | 15,43,340           |
| Mobilisation Advance - EKK Infrastructure Private Limited | -                   | 3,37,57,400         |
| Advance to Related Parties                                |                     |                     |
| - Seguro - INKEL Consortium LLP                           | -                   | 2,92,57,909         |
| Income Tax (Net)  | 10,70,41,470        | 5,90,58,284         |
|   | <b>14,76,47,896</b> | <b>12,41,85,380</b> |

**NOTE - 2.18 OTHER NON CURRENT ASSETS**

(In Rupees)

| Particulars  | As at 31-03-2018      | As at 31-03-2017   |
|--|-----------------------|--------------------|
| (Unsecured, Considered good )  |                       |                    |
| Balance with banks in Fixed Deposit accounts (See Note 2.21.1)                         | 22,18,240             | 1,07,92,865        |
| Trade Receivables  |                       |                    |
| -Outstanding for a period exceeding six months from the date they were due for payment | -                     | -                  |
| -Others  | 1,33,53,705           | 2,46,49,842        |
| Earnest Money Deposits   | 28,00,000             | 2,25,000           |
| Security Deposits  | 1,48,80,000           | 66,96,000          |
| Advance Income Tax and TDS   | 1,34,85,489           | 33,66,993          |
| Other Non Current Assets   | 19,688                | 1,47,162           |
| Provision for Gratuity   | 18,315                | -                  |
| Income Receivable  | 1,34,41,94,180        | -                  |
|  | <b>1,39,09,69,617</b> | <b>4,58,77,862</b> |

## NOTE - 2.19 INVENTORIES

|   |                    | (In Rupees)      |  |
|---|--------------------|------------------|--|
| Particulars                                       | As at 31-03-2018   | As at 31-03-2017 |  |
| Land and Building held on long term finance lease |                    |                  |  |
| Opening Balance                                   | -                  | -                |  |
| Add: Additions during the year                    | 4,91,59,642        | 6,39,53,246      |  |
| Less: Disposed during the year                    | 4,91,59,642        | 6,39,53,246      |  |
| Closing Balance                                   | -                  | -                |  |
| Raw Materials                                     | 3,14,20,302        | -                |  |
|   | <b>3,14,20,302</b> | <b>-</b>         |  |

## NOTE - 2.20 TRADE RECEIVABLES

|  |                     | (In Rupees)         |  |
|--|---------------------|---------------------|--|
| Particulars  | As at 31-03-2018    | As at 31-03-2017    |  |
| Trade Receivables<br>(Unsecured Considered good)                                       |                     |                     |  |
| -Outstanding for a period exceeding six months from the date they were due for payment | 11,32,86,484        | 1,54,08,168         |  |
| -Others (See Note 2.20.1)  | 32,42,03,700        | 20,13,00,603        |  |
| (Unsecured Considered Doubtful)  |                     |                     |  |
| -Outstanding for a period exceeding six months from the date they were due for payment | 87,19,666           | -                   |  |
| Less: Provision for Doubtful Debts   | (87,19,666)         | -                   |  |
| -Others( See Note 2.20.1)  | 50,64,583           | -                   |  |
| Less: Provision for Doubtful Debts   | (50,64,583)         | -                   |  |
|  | -                   | -                   |  |
|  | <b>43,74,90,184</b> | <b>21,67,08,771</b> |  |

### 2.20.1 Trade Receivables include debts due from:

| Particulars   | Description   | As at 31-03-2018 | As at 31-03-2017 |
|---|---|------------------|------------------|
| MIV Logistics Private Limited                                     | Private limited company in which a director of INKEL Limited is a director                            | 1,91,01,160      | 90,66,462        |
| Kerala Industrial Infrastructure Development Corporation (KINFRA) | Government of Kerala owned Statutory Body in which a director of INKEL Limited is a director          | 37,69,808        | 76,79,984        |
| Kerala State Industrial Development Corporation (KSIDC)           | Government of Kerala owned private limited company in which a director of INKEL Limited is a director | 2,29,897         | 2,300            |
| Kerala Academy for Skills Excellence (KASE)                       | Government of Kerala owned private limited company in which a director of INKEL Limited is a director | 5,55,027         | 8,52,316         |

**2.20.2** In case of the Subsidiary Company - M/s INKEL - KSIDC Project Limited, trade receivables includes dues for lease premium including Duratech ₹ 1,77,500/-.

**2.20.3** In case of the subsidiary entity - M/s Seguro-INKEL Consortium LLP , trade receivables represents amounts receivable from - Kerala State Construction Corporation amounting to ₹ 6,47,691/- (₹ 11,50,95,405/-), Kerala PWD amounting to ₹ 3,97,39,024 /- (₹ 2,71,67,355/-), from Roads and Bridges Development Corporation Kerala Ltd. amounting to ₹ 6,43,91,994/- (₹ 7,78,29,718/-) towards the pending bills related to construction of Bridges and from GM Engineers & Contractors amounting to ₹ 80,09,564/- (₹ Nil/-).

## NOTE - 2.21 CASH AND CASH EQUIVALENTS

|                           |                     | (In Rupees)         |  |
|---------------------------|---------------------|---------------------|--|
| Particulars               | As at 31-03-2018    | As at 31-03-2017    |  |
| Cash on Hand              | 7,35,460            | 7,295               |  |
| Balance with Banks        |                     |                     |  |
| In Current Accounts       | 23,58,907           | 2,32,34,105         |  |
| In Fixed Deposit Accounts | 41,49,96,794        | 34,35,74,640        |  |
|                           | <b>41,80,91,161</b> | <b>36,68,16,040</b> |  |

### 2.21.1 Earmarked Balances:

- i. Balance with banks in Current Accounts includes earmarked balances for unpaid dividend ₹ 5,25,150/- (₹ 5,70,406/-).
- ii. Balance with banks in Deposit Accounts includes ₹ 3,17,853/- (₹ 2,54,606/-) held with a maturity period of more than 12 months and ₹ 1,19,61,046/- (₹ 1,00,99,500/-) held against public deposits in pursuance of the requirements of applicable Rules.
- iii. In case of the company, balance with banks in deposit accounts include ₹ 13,85,41,572/- (₹ 7,84,33,734/-) held under lien.
- iv. In case of the subsidiary company INKEL-EKK Roads Private Limited, balance with banks in deposit accounts include ₹ 50,000/- held under lien.
- v. In case of the subsidiary entity SEGURO-INKEL Consortium LLP, balance with banks in deposit accounts totalling to ₹ 2,43,31,922/- is held under lien against bank guarantees. Out of this, ₹ 22,18,240/- is of maturity period more than 12 months.
- vi. In case of the subsidiary company- M/s Seguro Foundations and Structures Private Limited, balances with banks in deposit accounts totalling to ₹ 2,93,77,168 is held as margin money for bank guarantee.

### NOTE - 2.22 SHORT TERM LOANS AND ADVANCES

(In Rupees)

| Particulars   | As at 31-03-2018    | As at 31-03-2017    |
|---|---------------------|---------------------|
| (Unsecured, considered good)  |                     |                     |
| Loans/advances to related parties                                   |                     |                     |
| Seguro - INKEL Consortium LLP                                       | -                   | 2,94,58,630         |
| Others:   |                     |                     |
| Advances recoverable in cash or in kind or for value to be received | 1,41,72,678         | 74,28,866           |
| Earnest Money Deposits  | 20,78,669           | 3,70,000            |
| Balances with Government Authorities                                | 5,93,71,592         | 3,72,86,739         |
| Advance to Suppliers/Contractors                                    | 4,59,15,463         | 27,77,478           |
| Mobilisation and secured advance                                    | 1,06,59,304         | 7,54,75,888         |
| Advance to employees  | 6,55,337            | 5,09,484            |
| Others  | 35,00,000           | 35,00,000           |
| (Unsecured, considered doubtful)                                    |                     |                     |
| Advances recoverable in cash or in kind or for value to be received | 92,53,126           | -                   |
| Less: Provision for Doubtful Advances (See note 2.22.1)             | (92,53,126)         | -                   |
|   | -                   | -                   |
|   | <b>13,63,53,043</b> | <b>15,68,07,085</b> |

2.22.1 The provision for doubtful loans/advances includes Rs. 79,20,383/- being provision created in respect of loans/advances given to the subsidiary Company INKEL-KINFRA Infrastructure Projects Ltd, to the extent not acknowledged as debts by Kerala Industrial Infrastructure Development Corporation (KINFRA).

### NOTE - 2.23 OTHER CURRENT ASSETS

(In Rupees)

| Particulars                               | As at 31-03-2018    | As at 31-03-2017   |
|---|---------------------|--------------------|
| Interest Receivable                       | 80,22,132           | 72,16,573          |
| Tax Deducted at source and Refund claimed | 2,73,13,605         | 9,68,145           |
| Mobilisation Advance-Seguro Foundations   | 1,53,00,175         | -                  |
| Fixed Deposit Accounts                    | 2,21,13,682         | -                  |
| Value of contract work unbilled           | 24,80,04,894        | -                  |
| Provision for Bill discounting            | 11,37,591           | -                  |
| KSFE Chitty                               | 53,05,463           | -                  |
| Others                                    | 2,69,04,287         | 1,64,41,593        |
|   | <b>35,41,01,829</b> | <b>2,46,26,311</b> |

| INKEL LIMITED<br>NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2018 |                            |  |   |                                      |  |  |                                       |   |  |  |
|---|----------------------------|--|---|--------------------------------------|--|--|---------------------------------------|---|--|--|
| NOTE - 2.13<br>A. TANGIBLE ASSETS - (Property, Plant & Equipment)                       |                            |  |   |                                      |  |  |                                       |   |  |  |
| Sl. No.   | Particulars                | GROSS BLOCK                                |   |                                      | DEPRECIATION/AMORTISATION              |  |                                       |   | NET BLOCK AS ON<br>31.03.2018              | NET BLOCK AS ON<br>31.03.2017              |
|   |                            | Opening Balance                            | Assets transferred on acquisition of subsidiary | Additions during the year            | Deletions/ Adjustments during the year | Closing Balance                            | Opening Balance                       | Accumulated depreciation transferred on acquisition of subsidiary | For the year                               | Deleted during the year                    |
| 1   | Freehold Land              | 33,77,30,042<br>(30,79,11,893)             | 47,30,300                                       | 62,45,774<br>(2,98,18,149)           | -                                      | 34,87,06,116<br>(33,77,30,042)             | -                                     | -   | -  | -  |
| 2   | Leasehold Land             | 55,44,21,235<br>(2,54,26,575)              | -   | -                                    | 2,60,30,365<br>(1,34,00,077)           | 52,89,09,070<br>(2,60,30,365)              | 3,86,14,458<br>(3,86,14,458)          | -   | 6,22,13,322<br>(1,34,00,077)               | 20,29,753<br>(1,34,00,077)                 |
| 3   | Building                   | 26,57,63,321<br>(30,09,02,641)             | -   | 54,12,332<br>(1,21,04,588)           | 3,36,40,018<br>(4,72,44,108)           | 24,45,64,535<br>(26,57,63,121)             | 24,45,64,535<br>(3,74,13,446)         | -   | 19,10,28,322<br>(2,60,30,365)              | 15,43,077<br>(22,58,491)                   |
| 4   | Plant & Machinery          | 3,78,92,540<br>(2,21,37,892)               | 26,54,94,579                                    | 24,97,731<br>(2,68,96,475)           | 23,89,411<br>(4,94,1,827)              | 30,34,95,439<br>(3,78,92,540)              | 1,15,94,943<br>(68,871,777)           | 14,86,56,912  | 1,59,10,345<br>(5,20,577)                  | 4,20,079<br>(5,47,291)                     |
| 5   | Furniture and Fittings     | 1,84,96,667<br>(1,82,46,767)               | 2,70,64,777                                     | 76,2,887<br>(2,49,900)               | -                                      | 2,19,66,031,00<br>(1,84,96,667)            | 1,15,55,000<br>(87,503,59)            | 18,97,724   | 2,16,24,70<br>(3,80,4,642)                 | -  |
| 6   | Office Equipments          | 34,61,481<br>(33,46,592)                   | -   | 2,20,764<br>(1,26,189)               | 26,520<br>(11,400)                     | 36,55,725<br>(34,61,481)                   | 26,59,366<br>(21,07,444)              | -   | 39,23,17<br>(5,62,752)                     | 25,638<br>(10,890)                         |
| 7   | Computer                   | 73,38,910<br>(62,35,255)                   | 1,25,23,99                                      | 1,30,87,222<br>(11,03,655)           | 39,500<br>(883,724)                    | 98,65,371<br>(73,38,910)                   | 58,37,203<br>(45,15,785)              | 11,58,993   | 1,20,2,569<br>(1,32,1,418)                 | 33,158<br>(5,837,203)                      |
| 8   | Motor Car                  | 32,09,154<br>(8,83,724)                    | 2,11,73,487                                     | 50,18<br>(32,091,54)                 | -                                      | 24,39,1,659<br>(32,091,54)                 | 6,41,720<br>(7,07,556)                | 1,46,40,396   | 1,66,5,789<br>(6,73,616)                   | -  |
| 9   | Electrical Fittings        | 61,04,110<br>(58,93,890)                   | 1,37,10,222                                     | 4,60,396<br>(2,20,220)               | -                                      | 79,95,528<br>(61,04,110)                   | 27,32,722<br>(15,75,430)              | 11,36,483   | 9,73,140<br>(11,57,292)                    | -  |
|   | <b>Total (A)</b>           | <b>1,23,44,17,260<br/>(1,23,55,73,056)</b> | <b>28,67,33,104</b>                             | <b>1,68,17,624<br/>(6,75,28,330)</b> | <b>5,20,96,714<br/>(6,87,84,106)</b>   | <b>1,46,59,71,273<br/>(1,23,44,17,260)</b> | <b>13,68,40,254<br/>(9,51,87,950)</b> | <b>16,89,90,508</b>   | <b>4,66,35,224<br/>(4,63,38,319)</b>       | <b>40,58,364<br/>(46,86,015)</b>           |
|   | <b>Previous Year</b>       |  |   |                                      |  |  |                                       |   | <b>1,14,81,63,652<br/>(1,09,57,77,006)</b> | <b>1,09,57,77,006<br/>(1,14,04,85,086)</b> |
| <b>B. INTANGIBLE ASSETS</b>   |                            |  |   |                                      |  |  |                                       |   |  |  |
| 1   | Computer Software          | 11,78,432<br>(11,78,432)                   | -   | 27,238<br>(27,238)                   | -                                      | 12,05,670<br>(11,78,432)                   | 9,51,885<br>(8,18,814)                | -   | 76,518<br>(1,33,071)                       | -  |
|   | <b>Total (B)</b>           | <b>11,78,432<br/>(11,78,432)</b>           | <b>-</b>  | <b>27,238<br/>(27,238)</b>           | <b>-</b>                               | <b>12,05,670<br/>(11,78,432)</b>           | <b>9,51,885<br/>(8,18,814)</b>        | <b>-</b>  | <b>76,518<br/>(1,33,071)</b>               | <b>-</b>                                   |
|   | <b>Grand Total (A + B)</b> | <b>1,23,55,95,692<br/>(1,23,86,17,488)</b> | <b>-</b>  | <b>1,93,44,862<br/>(6,75,28,330)</b> | <b>5,20,96,714<br/>(6,87,84,106)</b>   | <b>1,48,71,78,949<br/>(1,23,55,95,692)</b> | <b>13,77,92,138<br/>(9,60,67,95)</b>  | <b>-</b>  | <b>4,67,17,442<br/>(4,64,71,590)</b>       | <b>40,58,364<br/>(46,86,015)</b>           |
|   | <b>Previous Year</b>       |  |   |                                      |  |  |                                       |   | <b>1,09,57,77,006<br/>(1,14,04,85,086)</b> | <b>1,09,57,77,006<br/>(1,14,04,85,086)</b> |

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

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31.03.2018

NOTE - 2.24 REVENUE FROM OPERATIONS

(In Rupees)

| Particulars   | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|---|----------------------------------|----------------------------------|
| <b>Sale of Services</b>   |                                  |                                  |
| Income from disposal of land and building(On Long Term Finance Lease) | 13,48,68,646                     | 13,33,01,498                     |
| Construction Income (Refer Note 2.24.1)                               | 1,37,93,62,010                   | 15,70,17,214                     |
| Share of Course Fee Received  | 1,16,90,202                      | 1,15,76,199                      |
| Income from Operating Lease   | 79,02,445                        | 91,15,468                        |
| Income from Project Management Services (Refer Note 2.24.2)           | 5,37,00,003                      | 1,99,97,381                      |
| Common Amenity Charges  | 67,95,981                        | 47,43,290                        |
| Lighting system commissioning services                                | 41,94,275                        | 30,93,346                        |
| Facility Management Service   | 60,13,951                        | 35,90,462                        |
| Contract Revenue  | 10,79,33,154                     | -                                |
| <b>Sale of Products</b>   |                                  |                                  |
| Sale of lighting system   | 19,73,16,360                     | 6,48,05,636                      |
| Income from Agriculture   | 32,55,789                        | 4,93,401                         |
|   | <b>1,91,30,32,816</b>            | <b>40,77,33,895</b>              |

**2.24.1** In respect of the subsidiary company INKEL-EKK Roads Private Limited, The company recognises revenue from construction contracts based on the percentage of completion method as specified in Accounting Standard - 7 "Construction Contracts". Since the percentage of completion of work as on 31st March 2018 is 27.44%, based on the revised estimate of the project cost, revenue is recognised in the current year to the extent of 27.44% of the total project revenue.

**2.24.2** Details of Project Management Consultancy services (PMC):

- Revenue recognized from PMC contracts : ₹ 5,37,00,003/- (₹ 1,99,97,381/-)
- Details of cost incurred for PMC contracts : ₹ 4,32,66,878/- (₹ 1,13,21,205/-).
- Amount of advances received: ₹ 26,18,002/- (₹ Nil/-)
- Amount of retentions: ₹ 5,82,537/- (₹ Nil/-).

**NOTE - 2.25 OTHER INCOME**

(In Rupees)

| Particulars                      | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|----------------------------------|----------------------------------|----------------------------------|
| Interest Income                  | 3,41,00,201                      | 94,54,982                        |
| Guarantee Fee Received           | 5,02,206                         | 11,00,583                        |
| Profit on Sale of Assets         | 618                              | 1,44,285                         |
| Liquidity Damages                | -                                | 95,005                           |
| Interest on Lease Premium        | 65,07,523                        | 96,88,222                        |
| Interest on Secured Advance      | -                                | 2,22,046                         |
| Interest on Mobilisation Advance | 18,89,698                        | 25,98,568                        |
| Interest on Fixed Deposit/Bank   | 6,40,829                         | 1,39,36,914                      |
| Subsidy Receipt                  | -                                | 42,275                           |
| Income/(Loss) from AV Associates | (959)                            | -                                |
| Insurance claim received         | 2,33,498                         | -                                |
| Creditors written off            | 25,29,713                        | -                                |
| Miscellaneous Income             | 14,76,212                        | 8,07,736                         |
|                                  | <b>4,78,79,539</b>               | <b>3,80,90,616</b>               |

**2.25.1** In the case of the subsidiary INKEL-KSIDC Projects Ltd, Interest Income includes interest on Lease Premium for ₹ 8,45,085/-, Income Tax Refund of ₹ 41,45,577/- and Bank Interest of ₹ 2,07,620/-.

**NOTE - 2.26 COST OF LAND ACQUIRED/BUILDING/AMENITIES CONSTRUCTED AND DISPOSED  
(On long term finance lease agreements)**

(In Rupees)

| Particulars                | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|----------------------------|----------------------------------|----------------------------------|
| Cost of Land               | 2,40,00,612                      | 1,45,73,095                      |
| Cost of Building/Amenities | 2,40,30,850                      | 4,93,80,151                      |
|                            | <b>4,80,31,462</b>               | <b>6,39,53,246</b>               |

**NOTE - 2.27 PURCHASES OF STOCK IN TRADE**

(In Rupees)

| Particulars    | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|----------------|----------------------------------|----------------------------------|
| Solar light    | 17,52,81,463                     | 5,57,15,416                      |
| Highmast light | 13,67,832                        | 49,72,869                        |
|                | <b>17,66,49,295</b>              | <b>6,06,88,285</b>               |

**NOTE - 2.28 CHANGES IN INVENTORY**

(In Rupees)

| Particulars                  | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|------------------------------|----------------------------------|----------------------------------|
| Opening Stock- Raw Materials | 1,03,14,841                      | -                                |
| Closing Stock- Raw Materials | 3,14,20,302                      | -                                |
|                              | <b>(2,11,05,461)</b>             | <b>-</b>                         |

**NOTE 2.29 OPERATING, WORKS CONTRACT AND PROJECT EXPENSES**

(In Rupees)

| Particulars                   | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|-------------------------------|----------------------------------|----------------------------------|
| Construction and Project Cost | 1,31,54,72,869                   | 12,33,82,164                     |
| Consultancy Charges           | 78,37,184                        | -                                |
| Finance Cost                  | 1,64,01,617                      | 1,25,252                         |
| Power Fuel and Water Charges  | 61,31,360                        | -                                |
| Spares and Consumables        | 66,25,374                        | -                                |
| Security Recovery Charges     | -                                | 1,00,000                         |
| Grant Received                | (16,20,00,000)                   | -                                |
|                               | <b>1,19,04,68,404</b>            | <b>12,36,07,416</b>              |

**NOTE - 2.30 EMPLOYEE BENEFITS EXPENSE**

(In Rupees)

| Particulars                               | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|---|----------------------------------|----------------------------------|
| Salaries & Allowances                     | 6,75,80,923                      | 4,18,84,351                      |
| Contribution to Provident and Other Funds | 47,45,498                        | 29,87,604                        |
| Staff Welfare Expenses                    | 24,25,633                        | 25,92,492                        |
|   | <b>7,47,52,054</b>               | <b>4,74,64,447</b>               |

**NOTE - 2.31 FINANCE COSTS**

(In Rupees)

| Particulars                             | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|---|----------------------------------|----------------------------------|
| Interest Expense                        | 8,48,77,083                      | 1,39,83,354                      |
| Bill Discounting Charges                | 11,18,428                        | -                                |
| Interest on Public Deposits             | 1,04,54,882                      | 56,11,382                        |
| Other Borrowing costs (See Note 2.31.2) | 10,87,908                        | 61,44,305                        |
|   | <b>9,75,38,301</b>               | <b>2,57,39,041</b>               |

**2.31.2** Other Borrowing costs includes ₹ 2,54,903/- incurred for procurement & administration of Public Deposits.



**NOTE - 2.32 OTHER EXPENSES**

(In Rupees)

| Particulars  | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|--|----------------------------------|----------------------------------|
| Expenditure on corporate social responsibility activity<br>(See Note 2.32.1) | 1,01,50,000                      | 21,05,000                        |
| Project Management Services Expenses   | 2,43,62,844                      | 94,00,963                        |
| Hostel Running and Course expenses   | 22,20,642                        | 20,95,153                        |
| Lighting system commissioning expenses                                       | 48,41,668                        | 30,67,652                        |
| Facility Management Divisional Expense                                       | 61,59,842                        | 34,69,981                        |
| Agricultural expenses  | 62,62,578                        | 68,95,955                        |
| Power & Fuel   | 32,28,166                        | 24,44,248                        |
| Rent   | 31,58,569                        | 26,51,668                        |
| Repairs & Maintenance:   |                                  |                                  |
| - Building   | 27,60,624                        | 6,82,593                         |
| - Plant  | 1,25,053                         | 25,37,462                        |
| - Others   | 59,66,445                        | 2,78,616                         |
| Insurance  | 5,94,552                         | 1,60,557                         |
| Payment to Auditors  |                                  |                                  |
| - as auditor   | 9,88,530                         | 5,90,000                         |
| - for taxation matters   | 1,20,000                         | 1,00,000                         |
| - for other services   | 1,27,000                         | 28,650                           |
| - for reimbursement of expenses  | 17,151                           | 24,103                           |
| Bank charges & interest  | 2,69,657                         | 16,62,289                        |
| Meeting expense  | 7,49,257                         | 13,11,294                        |
| Sitting fee to Directors   | 17,85,375                        | 19,85,641                        |
| Consideration for Manpower services  | 13,63,534                        | 49,12,554                        |
| Advertisement & Publicity  | 21,18,887                        | 51,22,248                        |
| Loss on Sale of assets   | 2,105                            | 570                              |
| Postages, Telephone and internet charges                                     | 11,73,713                        | 12,48,106                        |
| Printing and Stationery  | 3,99,806                         | 3,08,945                         |
| Professional Charges & Legal Fee   | 62,11,475                        | 40,76,228                        |
| Rates & Taxes  | 83,90,659                        | 62,71,168                        |
| Staff Recruitment Expense  | 3,69,375                         | 3,76,177                         |
| Travelling & Conveyance  | 52,04,984                        | 56,97,907                        |
| Write off of CWIP - Project abandoned  | 65,28,688                        | -                                |
| Guarantee Commission   | -                                | 1,65,088                         |
| Business Promotion Expense   | 2,60,504                         | 6,63,108                         |
| Preliminary Expense  | -                                | 10,55,769                        |
| Miscellaneous Expenses   | 18,05,096                        | 6,30,021                         |
| Provision for Doubtful Advances  | 92,53,126                        | -                                |
| Provision for Doubtful Debts   | 1,37,84,249                      | -                                |
|  | <b>13,07,54,154</b>              | <b>7,20,19,714</b>               |

**NOTE - 2.32.1** Note on Expenditure on Corporate Social Responsibility activities

(In Rupees)

| Particulars  | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|--|----------------------------------|----------------------------------|
| i) Gross amount required to be spent during the year | 30,19,352                        | 23,87,842                        |
| ii) Amount spent during the year                     |                                  |                                  |
| - Construction/acquisition of any asset              | -                                | -                                |
| - On purposes other than above                       | 1,01,50,000                      | 21,05,000                        |

**NOTE - 2.33 EARNINGS PER SHARE**

| Particulars  | For the year ended<br>31.03.2018 | For the year ended<br>31.03.2017 |
|--|----------------------------------|----------------------------------|
| <b>Basic:</b>  |                                  |                                  |
| Profit after tax for the year as per Statement of Profit and Loss (In ₹)         | 17,89,03,615                     | (1,18,60,399)                    |
| Weighted average number of equity shares of ₹ 10/- (₹ 10/-) each (fully paid up) | 16,30,27,000                     | 16,30,27,000                     |
| Basic Earnings Per Equity Share- In ₹ (Face Value of Share- ₹ 10 each)           | <b>1.10</b>                      | <b>(0.07)</b>                    |
| <b>Diluted:</b>  |                                  |                                  |
| Profit after tax for the year as per Statement of Profit and Loss (In ₹)         | 17,89,03,615                     | (1,18,60,399)                    |
| Weighted average number of equity shares of ₹ 10/- (₹ 10/-) each (fully paid up) | 16,30,28,878                     | 16,30,27,000                     |
| Diluted Earnings per Share (In ₹) (Face Value of Share- ₹ 10 each)               | <b>1.10</b>                      | <b>(0.07)</b>                    |

## Note -2.35

Disclosure of transactions with Related Parties as required by Accounting Standard - 18 on Related Party Disclosures as prescribed by Companies (Accounting Standards) Rules, 2006.

### A. Related parties and nature of relationship

|  |  |
|--|--|
| i. MIV Logistics Private Limited   | Associate Company  |
| ii. KSIDC Limited  | Enterprise having substantial interest in the Subsidiary Company - INKEL-KSIDC Projects Limited  |
| iii. Kinfra Limited  | Enterprise having substantial interest in the Subsidiary Company - INKEL-KINFRA Infrastructure Projects Limited  |
| iv. EKK Infrastructure Private Limited   | Enterprise having substantial interest in the Subsidiary Company - INKEL-EKK Roads Private Limited   |
| v. KSIE Limited  | Enterprise having substantial interest in the Subsidiary Company - INKES Trade Centre Limited  |
| vi. Indo German Carbon Ltd   | Enterprise having substantial interest in the Associate Company -MIV Logistics Private Limited   |
| vii. Amity Rock Products Private Limited, Sanathan Infrastructures and Developers Private Limited, Angel Granites and Crushers Private Limited, Green worth Infrastructure Private Limited | Enterprises in which Key Managerial Personnel of the subsidiary Company - Seguro Foundations & Structures Private Limited are able to exercise significant influence (together referred to as 'Other Enterprises') |
| viii. Key Managerial Personnel   |  |
| Mr. T Balakrishnan   | Managing Director of the company (upto 16.08.2017)   |
| Dr. Mohammed Sagheer   | Managing Director of the company (w.e.f. 17.08.2017)   |
| <b>In subsidiary Seguro Foundations and Structures Pvt Ltd.</b>  |  |
| Mr. C V Rajeev   | Managing Director of the company   |
| Mr. P J Jacob  | Director of the company (Resigned)   |
| Mrs. Seena Rajeev  | Director of the company  |

### B. Description of Transactions

(In Rupees)

| Nature of Transaction                | Subsidiary/ Associate/ Jointly Controlled Entity | Key Managerial Personnel | Total       |
|--------------------------------------|--|--------------------------|-------------|
| <b>Income</b>                        |  |                          |             |
| 1. Project Management Services       |  |                          |             |
| MIV Logistics Private Limited        | 55,32,222  | -                        | 55,32,222   |
|                                      | (23,33,210)                                      | -                        | (23,33,210) |
| 2. Facility Management Services      |  |                          |             |
| MIV Logistics Private Limited        | 51,74,650  | -                        | 51,74,650   |
|                                      | (10,11,167)                                      | -                        | (10,11,167) |
| 3. Revenue from CFS Operations       |  |                          |             |
| Indogerman Carbon Limited            | 1,51,754   | -                        | 1,51,754    |
|                                      | -  | -                        | -           |
| <b>Expenses</b>                      |  |                          |             |
| 1. Remuneration to Managing Director |  |                          |             |
| Mr. T Balakrishnan                   | -  | 29,32,356                | 29,32,356   |
|                                      | -  | (50,58,739)              | (50,58,739) |
| Dr. Mohammed Sagheer                 | -  | 27,78,624                | 27,78,624   |
|                                      | -  | -                        | -           |

|  |                |             |                |
|--|----------------|-------------|----------------|
| <b>In subsidiary Seguro Foundations and Structures Pvt Ltd.</b>    |                |             |                |
| Mr. C V Rajeev   | -              | 51,64,515   | 51,64,515      |
|  | -              | -           | -              |
| Mr. P J Jacob  | -              | 36,16,667   | 36,16,667      |
|  | -              | -           | -              |
| Mrs. Seena Rajeev  | -              | 14,46,666   | 14,46,666      |
|  | -              | -           | -              |
| 2. EPC Contract Expenses   |                |             |                |
| EKK Infrastructure Private Limited                                 | 82,92,86,010   | -           | 82,92,86,010   |
|  | (33,64,22,588) | -           | (33,64,22,588) |
| 3. Sitting Fees  | -              | 7,44,000    | 7,44,000       |
|  | -              | (8,21,500)  | (8,21,500)     |
| <b>In subsidiary Seguro Foundations and Structures Pvt Ltd.</b>    |                |             |                |
| 4. Purchase of Materials   |                |             |                |
| Other Enterprises  | 1,25,37,799    | -           | 1,25,37,799    |
|  | -              | -           | -              |
| <b>In subsidiary Seguro Foundations and Structures Pvt Ltd.</b>    |                |             |                |
| 5. Work contract receipt (billed)                                  |                |             |                |
| Other Enterprises  | 4,22,96,321    | -           | 4,22,96,321    |
|  | -              | -           | -              |
| <b>In subsidiary Seguro Foundations and Structures Pvt Ltd.</b>    |                |             |                |
| 6. Rent  |                |             |                |
| Other Enterprises  | 7,93,633       | -           | 7,93,633       |
|  | -              | -           | -              |
| <b>In subsidiary Seguro Foundations and Structures Pvt Ltd.</b>    |                |             |                |
| 7. Interest on Loan from directors                                 | 5,78,546       | -           | 5,78,546       |
|  | -              | -           | -              |
| <b>In subsidiary Seguro Foundations and Structures Pvt Ltd.</b>    |                |             |                |
| 8. Interest  |                |             |                |
| Other Enterprises  | 23,61,510      | -           | 23,61,510      |
|  | -              | -           | -              |
| - C V Rajeev   | -              | 4,17,861    | 4,17,861       |
|  | -              | -           | -              |
| - Seena Rajeev   | -              | 1,60,685    | 1,60,685       |
|  | -              | -           | -              |
| 9. Purchase of Assets  |                |             |                |
| MIV Logistics Pvt Ltd  | 54,051         | -           | 54,051         |
|  | -              | -           | -              |
| <b>Loans and Advances.</b>   |                |             |                |
| 1. KSIE Limited  |                |             |                |
| - Loan/Advances given  | -              | -           | -              |
|  | (35,00,000)    | -           | (35,00,000)    |
| 2. EKK Infrastructure Private Limited                              |                |             |                |
| - Mobilisation Advance due as at 31.03.2018                        | 1,06,59,304    | -           | 1,06,59,304    |
|  | (9,74,59,339)  | -           | (9,74,59,339)  |
| 3. <b>In subsidiary Seguro Foundations and Structures Pvt Ltd.</b> |                |             |                |
| <u>Unsecured loan repaid</u>                                       |                |             |                |
| - C V Rajeev   | -              | 2,12,34,781 | 2,12,34,781    |
|  | -              | -           | -              |
| - P J Jacob  | -              | 10,00,000   | 10,00,000      |
|  | -              | -           | -              |
| - Seena Rajeev   | -              | 1,47,27,317 | 1,47,27,317    |
|  | -              | -           | -              |

|   |                |             |                |
|---|----------------|-------------|----------------|
| <u>Unsecured loan received</u>                            |                |             |                |
| - C V Rajeev  | -              | 1,56,76,075 | 1,56,76,075    |
| - P J Jacob   | -              | 10,00,000   | 10,00,000      |
| - Seena Rajeev  | -              | 2,24,97,455 | 2,24,97,455    |
| <b>Investments</b>  |                |             |                |
| 1. MIV Logistics Private Limited                          | 16,00,00,000   | -           | 16,00,00,000   |
| (being preference shares)                                 | (16,00,00,000) | -           | (16,00,00,000) |
| <b>Guarantee given</b>                                    |                |             |                |
| 1. MIV Logistics Private Limited                          | 22,69,07,083   | -           | 22,69,07,083   |
|   | (23,20,09,630) | -           | (23,20,09,630) |
| <b>Receivables</b>  |                |             |                |
| 1. MIV Logistics Private Limited                          | 1,91,01,160    | -           | 1,91,01,160    |
|   | (90,66,462)    | -           | (90,66,462)    |
| 2. KSIDC Limited  | 42,39,237      | -           | 42,39,237      |
|   | (42,39,237)    | -           | (42,39,237)    |
| 3. KINFRA Ltd   | -              | -           | -              |
|   | (1,44,000)     | -           | (1,44,000)     |
| <b>Payables</b>   |                |             |                |
| 1. EKK Infrastructure Private Limited                     | 4,47,23,380    | -           | 4,47,23,380    |
|   | (9,02,59,868)  | -           | (9,02,59,868)  |
| 2. KSIE Limited (Payable against lease premium)           | 2,75,38,500    | -           | 2,75,38,500    |
|   | (2,75,38,500)  | -           | (2,75,38,500)  |
| <b>Public Deposits Accepted during the year</b>           |                |             |                |
| 1. Mr. T Balakrishnan                                     | -              | -           | -              |
|   | -              | (5,00,000)  | (5,00,000)     |
| <b>Public Deposits Outstanding at the end of the year</b> |                |             |                |
| 1. Mr. T Balakrishnan                                     | -              | -           | -              |
|   | -              | (5,00,000)  | (5,00,000)     |

## 2.35.1 In subsidiary Seguro Foundations and Structures Pvt Ltd.

The subsidiary company has non-current Investment in the capital of partnership firm A.V Associates. The capital balances in the books of A.V Associates excluding the subsidiary are furnished below:

| Names of Partners | 31.03.2018  | 31.03.2017    |
|-------------------|-------------|---------------|
| P J Jacob         | 5,75,86,235 | (1,95,39,546) |
| Seena Rajeev      | -           | 62,96,387     |

2.35.2 Transactions in the nature of current account transactions have not been included in the above disclosure.

2.35.3 Transactions with Associate Company are prior to elimination.

## Note - 2.36

### In case of the company and its subsidiaries:

The companies are engaged in providing infrastructure facilities and other services in connection with infrastructure projects including construction. 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 Standards) Rules, 2005.

**In case of the associate company :**

The company has during the year a single segment namely "LOGISTICS". Therefore the company's business does not fall under different segments as defined by AS-17 "Segmental Reporting" issued by ICAI.

**Note - 2.37.1**

**In case of the subsidiary company INKES Trade Centre Limited:**

The company has entered agreement with KSIE Ltd for developing of land at Thampanoor and lease premium is amortised during the period under review.

Preoperative expense incurred will be allocated to the assets at the time of capitalization.

**Note - 2.37.2**

**In case of the subsidiary company INKEL-EKK ROADS PRIVATE LIMITED**

The Company, being engaged in the business of developing, operating and maintaining an infrastructure facility, is eligible to claim a deduction of an amount equal to hundred per cent of the profits and gains derived from such business for ten consecutive assessment years under Section 80IA of the Income Tax Act, 1961. The company has claimed the said deduction from Assessment Year 2018-19.

**Note - 2.38 Contingent Liabilities not provided for :**

(In Rupees)

| Particulars  | As at 31.03.2018 | As at 31.03.2017 |
|--|------------------|------------------|
| <b>I. In case of the Company</b>   |                  |                  |
| a) Corporate guarantee issued in favour of -<br>- MIV Logistics Private Limited  | 22,69,07,083     | 23,20,09,630     |
| b) Claims towards Building Tax   | 1,18,24,092      | 1,13,50,872      |
| c) Other Counter Guarantees issued in favour of Banks for the guarantees issued by the Banks   | 7,51,00,000      | -                |
| d) Letters of credit Outstanding   | 3,25,31,900      | -                |
| <b>II. In case of the subsidiary company INKEL - KSIDC Project Limited</b>   |                  |                  |
| a) Interest on unpaid lease premium payable by the subsidiary company INKEL - KSIDC Project Limited to KSIDC   | 8,05,00,000      | 8,05,00,000      |
| <b>III. In case of the subsidiary company INKEL EKK Roads Private Limited</b>  |                  |                  |
| a) Bank Guarantee issued by State Bank of India in favour of Road Infrastructure Company Kerala Ltd  | -                | 6,45,00,000      |
| <b>IV. In case of the subsidiary entity SEGURO-INKEL Consortium LLP</b>  |                  |                  |
| a) Guarantees  | 4,77,00,000      | 6,20,00,000      |
| <b>V. In case of the subsidiary company Seguro Foundations and Structures Pvt Ltd</b>  |                  |                  |
| Service tax demand from the Commissioner of Central Excise; Service tax has been appealed before Appellate authority. Since the management has belief that the decision will be in favor of the company it is treated as a contingent liability. | 6,05,126         | -                |

**Note - 2.39**

**In case of the subsidiary company INKEL-KINFRA INFRASTRUCTURE PROJECTS LIMITED:**

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 Ramanattukara under long term lease for 90 years. Pending execution of the agreements, till previous year no lease premium was amortised. Now, the management of INKEL-KINFRA INFRASTRUCTURE PROJECTS LIMITED has acknowledged the fact that it is not possible to get the lands transferred in the company's name and commence the commercial operations and that the management has decided to discontinue the project and hence the going concern assumption is vitiated and the financial statements for the current year are not prepared on going concern basis under historical cost convention method.

# Annual Report 2017-2018

## Note - 2.41

| Capital Commitments  | As at 31.03.2018 | As at 31.03.2017 |
|--|------------------|------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | Nil              | 65,10,446        |

## Note - 2.42 Dividend Remittances in foreign currency:-

| Particulars                                | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|--|-------------------------------|-------------------------------|
| Year to which dividend relates             | Financial Year 2016-17        | Financial year 2015-16        |
| Amount remitted during the year            | 66,00,000                     | 88,00,000                     |
| Number of non resident shareholders        | 4                             | 4                             |
| Number of shares on which dividend was due | 2,20,00,000                   | 2,20,00,000                   |

## Note - 2.43 Expenditure in foreign currency

| Particulars   | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|---|-------------------------------|-------------------------------|
| Conference Registration Fee and Travelling expenses | 1,86,155                      | Nil                           |

## Note - 2.44

Figures have been rounded off to the nearest rupee. Previous year figures unless otherwise stated are given within brackets and have been regrouped and recast wherever necessary.

For and on behalf of the Board of Directors

As per our separate report of even date attached

**Dr.Mohammed Sagheer**  
Managing Director  
DIN: 02802910

**M.M. Abdul Basheer**  
Director  
DIN:00120916

**For Varma & Varma**  
Chartered Accountants  
Firm No.004532S

**K. Padmadasan**  
Company Secretary

**George Raphael**  
Chief Financial Officer

**Vijay Narayan Govind**  
(Partner)  
Membership No. 203094

Place : Kochi  
Date : 19.05.2018

**Note No 2.40** Additional information as required by paragraph 2 of the General instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

| Name of the entity   | As at 31.03.2018                                |                       | As at 31.03.2017                                |                       |
|--|---|-----------------------|---|-----------------------|
|  | Net Assets, ie Total Assets - Total liabilities |                       | Net Assets, ie Total Assets - Total liabilities |                       |
|  | As a % of consolidated net assets               | Amount (In Rupees)    | As a % of consolidated net assets               | Amount (In Rupees)    |
| Parent Company   | 62.67%  | 1,28,34,77,299        | 81.30%  | 1,46,32,75,613        |
| Subsidiaries:  |   |                       |   |                       |
| INKEL KSIDC Projects Limited   | 5.09%   | 10,41,74,731          | 5.45%   | 9,80,35,613           |
| INKEL KINFRA Infrastructure Projects Limited                             | 0.00%   | -                     | -0.59%  | (1,06,04,221)         |
| INKES Trade Centre Ltd   | 1.60%   | 3,27,73,243           | 1.87%   | 3,35,78,546           |
| INKEL EKK Roads Private Limited  | 12.99%  | 26,60,13,195          | 4.50%   | 8,09,33,211           |
| Seguro Foundations & Structures Pvt Ltd                                  | 6.40%   | 13,09,90,489          | -   | -                     |
| Subsidiary Entity:<br>SEGURO-INKEL Consortium LLP                        | 0.54%   | 1,10,18,743           | 0.58%   | 1,04,91,773           |
| Associate Company:<br>Equity Investment in MIV Logistics Private Limited |   | 11,82,97,140          |   | 11,82,97,140          |
| Less: Share of Loss  |   | (11,82,97,140)        |   | (11,82,97,140)        |
|  | -   | -                     | -   | -                     |
| Minority Interest  | 10.71%  | 21,93,25,312          | 6.89%   | 12,39,17,005          |
| <b>Total</b>   | <b>100.00%</b>                                  | <b>2,04,77,73,012</b> | <b>100.00%</b>                                  | <b>1,79,96,27,539</b> |

| Name of the entity                                  | For the year ended 31.03.2018<br>Share In Profit or (Loss) |                     | For the year ended 31.03.2017<br>Share In Profit or (Loss) |                     |
|---|--|---------------------|--|---------------------|
|   | As a % of consolidated Profit or (Loss)                    | Amount (In Rupees)  | As a % of consolidated Profit or (Loss)                    | Amount (In Rupees)  |
| Parent Company                                      | 48.22%   | 9,34,99,783         | -316.23%   | 6,78,21,280         |
| Subsidiaries:                                       |  |                     |  |                     |
| INKEL KSIDC Projects Limited                        | -0.02%   | (37,176)            | 177.31%  | (3,80,27,263)       |
| INKEL KINFRA Infrastructure Projects Limited        | -2.71%   | (52,57,941)         | 1.07%  | (2,28,667)          |
| INKES Trade Centre Ltd                              | -0.42%   | (8,05,677)          | 2.43%  | (5,20,377)          |
| INKEL EKK Roads Private Limited                     | 54.21%   | 10,51,03,392        | 214.37%  | (4,59,74,409)       |
| Seguro Foundations & Structures Private Limited     | -9.60%   | (1,86,16,997)       | -  | -                   |
| Subsidiary Entity:<br>SEGURO-INKEL Consortium LLP   | 2.59%  | 50,18,231           | -23.64%  | 50,69,037           |
| Associate Company:<br>MIV Logistics Private Limited | -  | -                   | -  | -                   |
| Minority Interest                                   | 7.73%  | 1,49,83,959         | 44.70%   | (95,86,177)         |
| <b>Total</b>  | <b>100.00%</b>   | <b>19,38,87,574</b> | <b>100.00%</b>   | <b>-2,14,46,576</b> |



**Note No. 2.34 EMPLOYEE BENEFITS**

(Disclosure under Accounting Standard 15 - 'Employee Benefits', Revised 2005)

**2.34.1 Defined Contribution Plans**

**In case of the Holding Company - INKEL Limited**

During the year the company has recognized Rs 21,45,206/- (Previous Year Rs15,70,778/-) as Contribution to Provident Fund, Rs 6,55,789/- (Rs7,32,816/-) as Contribution to National Pension Scheme and Rs 83,152/- (Rs 8,780/-) as Contribution to Employee State Insurance in the Statement of Profit and Loss on account of defined contribution plans.

**In case of the Subsidiary Company - INKEL-KSIDC Projects Limited**

During the year the company has recognized Rs 4,28,702/- (Previous year Rs 3,11,504/-) in the Statement Profit and Loss on account of defined contribution plans.

**2.34.2 Defined Benefit Plans**

**In case of the Holding Company - INKEL Limited**

**Gratuity (Funded)**

| (i) | Actuarial Assumptions          | 31 <sup>st</sup> March, 2018                     | 31 <sup>st</sup> March, 2017                     |
|-----|--------------------------------|--|--|
|     | Discount Rate                  | 7.50% p.a  | 8.00% p.a.                                       |
|     | Rate of return on plan assets  | 8.00% p.a  | 8.00% p.a.                                       |
|     | Compensation escalation rate * | 5.00% p.a.                                       | 5.00% p.a.                                       |
|     | Mortality rate                 | Indian Lives Mortality[1994-1996] Ultimate Table | Indian Lives Mortality[1994-1996] Ultimate Table |

\*The assumption of future salary increases takes into account the inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

| (In Rupees) |  |                              |                              |
|-------------|--|------------------------------|------------------------------|
| (ii)        | Reconciliation of present value of obligation:           | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|             | Present value of obligation at the beginning of the year | 43,42,516                    | 26,82,144                    |
|             | Current Service Cost                                     | 6,17,771                     | 6,11,610                     |
|             | Interest Cost  | 3,48,885                     | 2,39,036                     |
|             | Actuarial (gain)/loss                                    | 10,74,106                    | 9,19,593                     |
|             | Benefits Paid  | (19,40,577)                  | (1,09,867)                   |
|             | Curtailments   | -                            | -                            |
|             | Settlements  | -                            | -                            |
|             | Present value of obligation at the end of the year       | 44,42,671                    | 43,42,516                    |

**Note No. 2.34 EMPLOYEE BENEFITS**

(Disclosure under Accounting Standard 15 - 'Employee Benefits', Revised 2005)

**2.34.1 Defined Contribution Plans****In case of the Holding Company - INKEL Limited**

During the year the company has recognized Rs 21,45,206/- (Previous Year Rs 15,70,778/-) as Contribution to Provident Fund, Rs 6,55,789/- (Rs 7,32,816/-) as Contribution to National Pension Scheme and Rs 83,152/- (Rs 8,780/-) as Contribution to Employee State Insurance in the Statement of Profit and Loss on account of defined contribution plans.

**In case of the Subsidiary Company - INKEL-KSIDC Projects Limited**

During the year the company has recognized Rs 4,28,702/- (Previous year Rs 3,11,504/-) in the Statement Profit and Loss on account of defined contribution plans.

**2.34.2 Defined Benefit Plans****In case of the Holding Company - INKEL Limited****Gratuity (Funded)**

| (i) | Actuarial Assumptions          | 31 <sup>st</sup> March, 2018                     | 31 <sup>st</sup> March, 2017                     |
|-----|--------------------------------|--|--|
|     | Discount Rate                  | 7.50% p.a.                                       | 8.00% p.a.                                       |
|     | Rate of return on plan assets  | 8.00% p.a.                                       | 8.00% p.a.                                       |
|     | Compensation escalation rate * | 5.00% p.a.                                       | 5.00% p.a.                                       |
|     | Mortality rate                 | Indian Lives Mortality[1994-1996] Ultimate Table | Indian Lives Mortality[1994-1996] Ultimate Table |

\*The assumption of future salary increases takes into account the inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

| (In Rupees) |  |                              |                              |
|-------------|--|------------------------------|------------------------------|
| (ii)        | Reconciliation of present value of obligation:           | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|             | Present value of obligation at the beginning of the year | 43,42,516                    | 26,82,144                    |
|             | Current Service Cost                                     | 6,17,771                     | 6,11,610                     |
|             | Interest Cost  | 3,48,885                     | 2,39,036                     |
|             | Actuarial (gain)/loss                                    | 10,74,106                    | 9,19,593                     |
|             | Benefits Paid  | (19,40,577)                  | (1,09,867)                   |
|             | Curtailments   | -                            | -                            |
|             | Settlements  | -                            | -                            |
|             | Present value of obligation at the end of the year       | 44,42,671                    | 43,42,516                    |

\*The assumption of future salary increases takes into account the inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

|      |  | (In Rupees)                  |                              |
|------|--|------------------------------|------------------------------|
| (ii) | Reconciliation of present value of obligation:           | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|      | Present value of obligation at the beginning of the year | 53,34,830                    | 42,92,508                    |
|      | Current Service Cost                                     | 16,21,126                    | 20,00,310                    |
|      | Interest Cost  | 4,60,904                     | 1,14,373                     |
|      | Actuarial (gain)/loss                                    | 4,93,805                     | 8,35,832                     |
|      | Benefits Paid  | (19,60,362)                  | (19,08,193)                  |
|      | Curtailments   | -                            | -                            |
|      | Settlements  | -                            | -                            |
|      | Present value of obligation at the end of the year       | 59,50,303                    | 53,34,830                    |

|       |  | (In Rupees)                  |                              |
|-------|--|------------------------------|------------------------------|
| (iii) | Reconciliation of fair value of plan assets :          | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|       | Fair value of plan assets at the beginning of the year | -                            | -                            |
|       | Expected return on plan assets                         | -                            | -                            |
|       | Actuarial gain/(loss)                                  | -                            | -                            |
|       | Contributions  | -                            | -                            |
|       | Benefits paid  | -                            | -                            |
|       | Assets distributed on settlement                       | -                            | -                            |
|       | Fair value of plan assets at the end of the year       | -                            | -                            |

|      |   | (In Rupees)                  |                              |
|------|---|------------------------------|------------------------------|
| (iv) | Net (Asset)/Liability recognised in the Balance Sheet as at year end:                         | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|      | Present value of obligation   | 59,50,303                    | 53,34,830                    |
|      | Fair value of plan assets   | -                            | -                            |
|      | Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet | 59,50,303                    | 53,34,830                    |

|     |   |                                    |                                    |
|-----|---|------------------------------------|------------------------------------|
| (v) | <b>Expenses recognised in the Statement of Profit and Loss:</b> | <b>31<sup>st</sup> March, 2018</b> | <b>31<sup>st</sup> March, 2017</b> |
|     | Current Service Cost  | 16,21,126                          | 20,00,310                          |
|     | Interest Cost   | 4,60,904                           | 1,14,373                           |
|     | Expected return on plan assets                                  | -                                  | -                                  |
|     | Actuarial (gain) /loss recognised in the period                 | 4,93,805                           | 8,35,832                           |
|     | Past Service Cost   | -                                  | -                                  |
|     | Curtailment cost  | -                                  | -                                  |
|     | Settlement cost   | -                                  | -                                  |
|     | Total expenses recognised in the Statement of Profit and Loss   | 25,75,835                          | 29,50,515                          |
|     |   |                                    |                                    |

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors.

#### In case of the Subsidiary Company - INKEL-KSIDC Projects Limited

##### Gratuity (Funded)

|     |                                | (In Rupees)                                      |  |
|-----|--------------------------------|--|--|
| (i) | <b>Actuarial Assumptions</b>   | <b>31<sup>st</sup> March, 2018</b>               | <b>31<sup>st</sup> March, 2017</b>               |
|     | Discount Rate (per annum)      | 7.50% p.a.                                       | 8.00% p.a.                                       |
|     | Rate of return on plan assets  | Not Applicable                                   | Not Applicable                                   |
|     | Compensation escalation rate * | 5.00% p.a.                                       | 5.00% p.a.                                       |
|     | Mortality rate                 | Indian Lives Mortality[1994-1996] Ultimate Table | Indian Lives Mortality[1994-1996] Ultimate Table |

\*The assumption of future salary increases takes into account the inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(In Rupees)

|      |  |                                    |                                    |
|------|--|------------------------------------|------------------------------------|
| (ii) | <b>Reconciliation of present value of obligation:</b>    | <b>31<sup>st</sup> March, 2018</b> | <b>31<sup>st</sup> March, 2017</b> |
|      | Present value of obligation at the beginning of the year | 22,217                             | 9,691                              |
|      | Current Service Cost                                     | 17,941                             | 12,610                             |
|      | Interest Cost  | 2,339                              | 1,280                              |
|      | Actuarial (gain)/loss                                    | 35,138                             | (1,364)                            |
|      | Benefits Paid  | (35,920)                           | -                                  |
|      | Curtailments   | -                                  | -                                  |
|      | Settlements  | -                                  | -                                  |
|      | Present value of obligation at the end of the year       | 41,715                             | 22,217                             |

(In Rupees)

|       |  |                                    |                                   |
|-------|--|------------------------------------|-----------------------------------|
| (iii) | <b>Reconciliation of fair value of plan assets :</b>   | <b>31<sup>st</sup> March, 2018</b> | <b>31<sup>st</sup> March 2017</b> |
|       | Fair value of plan assets at the beginning of the year | 2,24,325                           | 72,811                            |
|       | Expected return on plan assets                         | 17,946                             | 5,824                             |
|       | Actuarial gain/(loss)                                  | (17,946)                           | 11,880                            |
|       | Contributions  | 1,46,134                           | 1,33,810                          |
|       | Benefits paid  | (35,920)                           | -                                 |
|       | Assets distributed on settlement                       | -                                  | -                                 |
|       | Fair value of plan assets at the end of the year       | 3,34,539                           | 2,24,325                          |

(In Rupees)

|      |   |                                    |                                    |
|------|---|------------------------------------|------------------------------------|
| (iv) | <b>Net (Asset)/Liability recognised in the Balance Sheet as at year end:</b>                  | <b>31<sup>st</sup> March, 2018</b> | <b>31<sup>st</sup> March, 2017</b> |
|      | Present value of obligation   | 41,715                             | 22,217                             |
|      | Fund Status   | 2,92,824                           | 2,02,108                           |
|      | Fair value of plan assets   | 3,34,539                           | 2,24,325                           |
|      | Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet | -                                  | -                                  |

| (v) | Expenses recognized in the Statement of Profit and Loss:      | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-----|---|------------------------------|------------------------------|
|     | Current Service Cost  | 17,941                       | 12,610                       |
|     | Interest Cost   | 2,339                        | 1,280                        |
|     | Expected return on plan assets                                | (17,946)                     | (5,824)                      |
|     | Actuarial (gain) /loss recognized in the period               | 53,084                       | (13,244)                     |
|     | Past Service Cost   | -                            | -                            |
|     | Curtailment cost  | -                            | -                            |
|     | Settlement cost   | -                            | -                            |
|     | Total expenses recognized in the Statement of Profit and Loss | 55,418                       | (51,778)                     |

#### Leave Plan (Unfunded)

| (i) | Actuarial Assumptions          | 31 <sup>st</sup> March, 2018               | 31 <sup>st</sup> March 2017                |
|-----|--------------------------------|--|--|
|     | Discount Rate (per annum)      | 7.50% p.a.                                 | 8.00% p.a.                                 |
|     | Rate of return on plan assets  | Not Applicable                             | Not Applicable                             |
|     | Compensation escalation rate * | 5.00% p.a.                                 | 5.00% p.a.                                 |
|     | Mortality rate                 | Indian Lives Mortality[1994-1996] Ultimate | Indian Lives Mortality[1994-1996] Ultimate |

\*The assumption of future salary increases takes into account the inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

| (ii) | Reconciliation of present value of obligation:           | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March 2017 |
|------|--|------------------------------|-----------------------------|
|      | Present value of obligation at the beginning of the year | 3,55,994                     | 1,99,243                    |
|      | Current Service Cost                                     | 2,32,872                     | 1,70,136                    |
|      | Interest Cost  | 35,432                       | 22,745                      |
|      | Actuarial (gain)/loss                                    | 1,09,070                     | (17,234)                    |
|      | Benefits Paid  | (2,66,825)                   | (18,896)                    |
|      | Curtailments   | -                            | -                           |
|      | Settlements  | -                            | -                           |
|      | Present value of obligation at the end of the year       | 4,66,543                     | 3,55,994                    |

| (iii) | Reconciliation of fair value of plan assets :          | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-------|--|------------------------------|------------------------------|
|       | Fair value of plan assets at the beginning of the year | -                            | -                            |
|       | Expected return on plan assets                         | -                            | -                            |
|       | Actuarial gain/(loss)                                  | -                            | -                            |
|       | Contributions  | -                            | -                            |
|       | Benefits paid  | -                            | -                            |
|       | Assets distributed on settlement                       | -                            | -                            |
|       | Fair value of plan assets at the end of the year       | 4,66,543                     | 3,55,994                     |

| (iv) | Net (Asset)/Liability recognized in the Balance Sheet as at year end:                         | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|------|---|------------------------------|------------------------------|
|      | Present value of obligation   | 4,66,543                     | 3,55,994                     |
|      | Fair value of plan assets   | -                            | -                            |
|      | Net present value of unfunded obligation recognized as (asset)/liability in the Balance Sheet | 4,66,543                     | 3,55,994                     |

| (v) | Expenses recognized in the Statement of Profit and Loss:      | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-----|---|------------------------------|------------------------------|
|     | Current Service Cost  | 2,32,872                     | 1,70,136                     |
|     | Interest Cost   | 35,432                       | 22,745                       |
|     | Expected return on plan assets                                | -                            | -                            |
|     | Actuarial (gain) /loss recognized in the period               | 1,09,070                     | (17,234)                     |
|     | Past Service Cost   | -                            | -                            |
|     | Curtailement cost   | -                            | -                            |
|     | Settlement cost   | -                            | -                            |
|     | Total expenses recognized in the Statement of Profit and Loss | 3,77,374                     | 1,75,647                     |

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

### 1. Significant Accounting Policies

#### a. Principles of Consolidation

The consolidated financial statements relate to INKEL Limited (the 'Company'), its subsidiaries (hereinafter referred to as 'the Group'), and the Group's share of profit / loss in its associate company. The consolidated financial statements have been prepared on the following basis:

- i. The financial statements / financial information of the subsidiaries and associate company used in the consolidation are drawn upto the same reporting date as that of the Company, i.e., 31 March, 2018.
- ii. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered, as per AS 21 'Consolidated Financial Statements'.
- iii. The consolidated financial statements include the share of profit / loss of an associate entity which has been accounted for using 'equity method' as per AS 23 'Accounting for Investments in Associates in Consolidated Financial Statements'. Accordingly, the share of profit / loss of the associate entity (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investment.
- iv. Share of profit / loss, assets and liabilities in the jointly controlled entity, which is not subsidiary, has been consolidated on a proportionate basis up to the date it became a subsidiary by considering the book values of like items of assets, liabilities, incomes and expenses to the extent of the Group's equity interest in such entity as per AS 27 'Financial Reporting of Interests in Joint Ventures'. The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity.
- v. The difference between the cost of investment in the subsidiary company and the net assets at the time of acquisition of shares in the subsidiary company is recognised in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be and where two or more investments are made over a period of time, Goodwill/Capital Reserve is calculated on a step by step basis.
- vi. Minority interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

- vii. Following subsidiaries and associate company have been considered in the preparation of the consolidated financial statements:

| Name of the entity                           | Abbreviation Used | Relationship   | % of Holding and voting power either directly or indirectly through subsidiary as at |                |
|--|-------------------|--|--|----------------|
|  |                   |  | 31 March, 2018   | 31 March, 2017 |
| INKEL KSIDC Projects Limited                 | INKID             | Subsidiary Company   | 74%  | 74%            |
| INKEL KINFRA Infrastructure Projects Limited | INKIF             | Subsidiary Company   | 74%  | 74%            |
| INKES Trade Centre Limited                   | INKES             | Subsidiary Company   | 74%  | 74%            |
| SEGURO - INKEL Consortium LLP                | SIC LLP           | Subsidiary Entity (w.e.f 01-12-2017) Jointly Controlled Entity (upto 30.11.2017) | 80.75%   | 45%            |
| INKEL- EKK Roads Private Limited             | INKEL-EKK         | Subsidiary Company   | 72%  | 51%            |
| MIV Logistics Private Limited                | MIV               | Associate Company  | 39.43%   | 39.43%         |
| Seguro Foundations&Structures Pvt Ltd.       | SFSPL             | Subsidiary Company (w.e.f 01-12-2017)  | 65%  | -              |

- viii. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

### b. Basis of Preparation

- i. The Consolidated Financial Statements of Inkel Limited (the Company) and its subsidiaries INKIF, INKID, INKEL- EKK, INKES, SFSPL and SIC LLP collectively

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

referred to as the 'group' and its associate MIV have been prepared in accordance with Accounting Standard - 21 (AS 21), "Consolidated Financial Statements" and Accounting Standard - 23 (AS 23) "Accounting for Investments in Associates in Consolidated Financial Statements"

- ii. During the financial year 2014-15, the company had written off the book value of investments made in earlier years in the subsidiary companies Thalikulam PURA Private Limited and in Tirurangadi PURA Private Limited as these companies have not commenced any commercial activities and there are no plans for revival. Neither of these companies has any significant assets or liabilities. In view of the provisions of Accounting Standard -21 on Consolidated Financial Statements, these entities have been excluded for the purpose of consolidation, the effect of which is not material.
- iii. During the year, the investments in subsidiary company INKIF amounting to ₹7,40,000/- has been written off in the books of account of the company considering the permanent diminution in the value of investments. However, INKIF has been considered for the purpose of consolidation.
- iv. During the current year, the Company has acquired 65% shares in SFSPL and consequently SIC LLP (in which the Company holds 45% and SFSPL holds 55% of capital contribution) has become a subsidiary entity of the Company with effect from 01/12/2017. The financial statements/ financial information of the company and the entity was drawn up to 30.11.2017 so as to ascertain Goodwill or Capital Reserve as at the date of acquisition. The aforesaid financial statements/ financial information as drawn upto 30.11.2017 are unaudited and are as certified by the Management of the company and the entity.
- v. During the year, the Company has acquired additional shares at multiple stages in INKEL-EKK and increased its share of holding from 51% to 72%. The financial statements/ financial informations of the company was drawn on step by step basis so as to ascertain Goodwill or Capital Reserve as at each such stage. The aforesaid financial statements/ financial informations as drawn on each stage are unaudited and are as certified by the Management of the company/entity.
- vi. In case of the consolidated financial statements of the associate company M/s MIV, as stated in the Basis of Accounting of the Significant Accounting Policies of the Consolidated Financial Statements of MIV, Seabird Seaplane Private Limited is an associate company of MIV. Investments in the associate company M/s. Seabird Seaplane Private Limited is accounted for using the Equity Method of accounting as laid down by Accounting Standard 23 - "Accounting for investment in Associates in Consolidated Financial Statements". The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investors' share of profit and loss of the investee

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

after the date of acquisition. No statutory audit has been conducted by the associate company M/s. Seabird Seaplane Private Limited for the year ended 31.03.2018 as on date. The impact of the financial results of M/s Seabird Seaplane Private Limited in the consolidated financial statements of M/s INKEL Limited is not considered material.

### c. **Basis of Accounting**

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these consolidated financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

#### **In case of the INKIF**

The Financial statements of the subsidiary have not been prepared on a going concern under historical cost convention basis, as the management of the subsidiary has decided to discontinue the project. Hence the financial statements have been prepared on realisable value basis and accounting policies adopted for the year are not consistent with those of the previous year.

### d. **Use of Estimates**

The presentation of consolidated 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 (including contingent liabilities if any) as on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known /materialised.

### e. **Tangible Assets (Property, Plant and Equipment)**

#### **In case of the company and its subsidiaries:**

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.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price (inclusive of non-refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (Major components).

The cost of assets not ready for use at the balance sheet date are disclosed under Capital Work in Progress.

### **In case of the MIV:**

Fixed assets are stated at cost of acquisition till the date of installation of the assets and improvement thereon. Expenses incurred directly to the cost of assets were allocated to specific fixed assets

### **f. Intangible Assets**

#### **In case of the company:**

Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

### **g. Project Development Expense**

#### **In case of the INKES and INKIF:**

Expense incurred in connection with Project Development are treated as project development expense pending capitalisation/ adjustment. These expenses are shown under capital work in progress.

### **h. Lease hold Right**

#### **In case of the INKID:**

Leasehold 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 was ₹3,460.06 Lakhs (₹3,632.48 Lakhs).

### **i. Capital Work in Progress**

#### **In case of the MIV:**

Projects under which assets are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses.

### **j. Depreciation/Amortisation**

#### **In case of the company:**

Depreciation on property, plant and equipment is provided on Written Down Value Method on the basis of the useful lives in the manner prescribed as per Schedule II of

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018**

The Companies Act, 2013 based on a review by the management at the year end.  
Leasehold land is amortised over the duration of the lease. Cost of software treated as Intangible Assets is amortised over a period of six years.

### **In case of the INKID:**

Depreciation on all assets is charged from the date when the fixed assets are ready for their intended use and upto the month of disposal

Depreciation is provided on written down value basis as per the useful lives prescribed in Schedule II of the Companies Act 2013 except in case of Building, in whose case the useful lives have been assessed lower than the life prescribed in schedule II to the Companies Act 2013. The difference in useful life in the case of buildings is due to the fact that the appurtenant land is acquired on Lease basis for 30 years and hence remaining useful life for buildings is also reckoned on that basis.

### **In case of the INKES:**

Depreciation on the Fixed Assets will be provided on written down value method at the rates specified under Schedule II of the Companies Act, 2013 as amended from time to time.

### **In case of the INKIF:**

Depreciation on fixed assets as and when added will be provided in accordance with the Provisions of Schedule II of the Companies Act, 2013.

### **In case of the INKEL-EKK:**

Depreciation on Property, Plant and Equipment will be provided on Written Down Value Method on the basis of the useful life in the manner prescribed as per Schedule II of The Companies Act, 2013.

The Capital-work-in-progress relating to the Project under implementation, will be capitalised on the date of commissioning and depreciated over the operation and maintenance period till the date of hand over to the Project Awardee.

### **In case of the MIV:**

Depreciation on all assets is charged from the date when the fixed assets are ready for their intended use and up to the month of disposal.

Depreciation is provided on written down value basis as per the useful lives prescribed in Schedule II of the Companies Act 2013 except in the case of Building, in whose case the useful lives has been assessed lower than the life prescribed in schedule II to the Companies Act, 2013. The difference in useful life is due to the fact that land is acquired on Lease basis for 30 years from Cochin Port Trust and hence remaining useful life only considered for Building

## **k. Government Grants/Subsidies**

**In case of the company INKEL-EKK:**

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

Government Grants and Subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the Grants/Subsidies will be received. Government Grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets.

Government Grants and subsidies in the nature of Promoter's Contribution like Investment Subsidy, where no repayment is ordinarily expected in respect thereof, or identifiable with non - depreciable assets are credited to Capital Reserve.

Other Government grants and subsidies are recognised as Income over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis.

### In case of SIC LLP:

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the LLP will comply with the conditions attached to them, and (ii) the grant/subsidy is received/ will be received.

### I. Investments

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

### m. Revenue Recognition

#### In case of the company and its subsidiaries:

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 agreements are entered into.

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

Income from services rendered are recognised based on the stage of completion of the respective contracts/arrangements having regard to the specific milestones wherever specified therein.

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

#### In case of the INKEL-EKK, SIC-LLP and SFSPL:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. Revenue recognised is net of taxes.

#### Revenue from Construction Contracts:

Revenue from construction contracts is recognised on the percentage of completion method as mentioned in Accounting Standard [AS 7(Revised)] "Construction Contracts"

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

notified under section 133 of the Companies Act, 2013, read with Rule 2014. The percentage of completion is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs over the concession period. However, profit is not recognised unless there is reasonable progress on the contract. If total cost of a contract, based on technical and other estimates, is estimated to exceed the total contract revenue, the foreseeable loss is provided for. The effect of any adjustment arising from revision to estimates is included in the income statement of the year in which revisions are made. Revenue recognised is net of taxes.

In case of SFSPL, Value of contract work unbilled disclosed under note 2.23 - 'Other Current Assets' represents revenue recognised based on percentage of completion method, over and above the amount due as per the payment plans agreed with and bills issued to the customers.

### **In case of the MIV:**

Revenue from service is recognised as and when services are rendered and related costs are incurred in accordance with the terms of the contractual agreement.

### **Other Income**

Interest income from Bank deposits is accounted on accrual basis.

### **n. Inventories**

Inventories of Land and Building/amenities includes the cost of purchase, development costs, construction costs, overheads and is valued at lower of cost identified on specific identification method and net realisable value. Inventories of Stock in trade is valued at Lower of Cost, identified on specific identification method or net realisable value. In the case of SFSPL, Inventories are valued at cost or market value, whichever is lower. Cost of raw materials are determined on FIFO basis.

### **o. Employee Benefits**

#### **In case of the INKES, INKIF and SIC LLP:**

Employee benefits are not provided as the companies do not have direct employees.

#### **In case of the company, its other subsidiaries and MIV:**

#### **Short Term Employee Benefits**

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

#### **Defined Contribution Plans**

The companies have defined contribution plans for employees comprising of Provident Fund, Employee's State Insurance and National Pension Scheme. The contributions paid/payable to these plans during the year are charged to the Consolidated Statement

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

of Profit and Loss for the year.

### **Defined Benefit Plans: Gratuity (Funded)**

#### **In case of the company:**

The company makes contributions to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation conducted annually using the projected unit credit method, as adjusted for unrecognised past services cost, if any, and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Consolidated Statement of Profit and Loss for the period in which they occur.

#### **In case of the company INKID, INKIF, INKES, SIC LLP, INKEL-EKK and MIV:**

The company makes contributions to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India.

### **Other Long-term employee benefits: Compensated absences**

#### **In case of the company:**

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in full in the Consolidated Statement of Profit and Loss for the period in which they occur.

#### **In case of the MIV and INKID:**

#### **Compensated absences**

The Employees can carry forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method as at the balance sheet date.

### **Termination Benefits**

#### **In case of the company and INKEL-EKK:**

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

#### **In case of SFSPL:**

#### **Long Term Employee Benefits & Termination Benefits:**

The Company has Defined Contribution Plans for post-employment benefits in the form of Provident Fund which are administered through Government of India. Provident Fund is classified as Defined Contribution Plan as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contributions Plans are charged to the Statement of Profit and Loss as incurred. Also, The Company has made provision for gratuity. The company has no other defined plans for post-employment benefits, other long-term employment benefits and termination



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

benefit. Accordingly, expenses for such benefits have not been recognised.

**p. 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. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

**q. 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 Consolidated Statement of Profit and Loss.

**r. 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 recognised as expenditure for the period in which they are incurred.

**s. 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.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

### t. Preliminary Expenses

#### **In case of the INKES:**

Preliminary expenses and pre-incorporation expenses are fully written off.

#### **In case of the company and INKEL-EKK:**

As per Accounting Standard - 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India, the preliminary expenses have been entirely written off in the first year.

### u. Project Development Expenses

Revenue expense incurred in connection with Project development up to the transfer of such expense to the Project are treated as Project development expense pending capitalisation/adjustment. These expenses are shown under Capital work-in-progress.

### v. 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 recognised in the Consolidated 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.

### w. 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 recognised nor disclosed in the accounts.

**DIRECT CREDIT MANDATE FOR DIVIDEND**

To,  
The Company Secretary  
INKEL Limited  
Door No. 7/473ZA – 5 & 6,  
2nd Floor, Ajiyal Complex,  
Kakkanad, Cochin – 682030

Dear Sir,

**Sub:Request to register Bank Account details for crediting Dividend**

*I hold equity shares of INKEL Limited. I request you to arrange for payment of my dividend directly to my bank account through RTGS/NEFT/Transfer and credit the same to my account as per particulars given below:*

|                     |  |
|---------------------|--|
| Folio No.           |  |
| Name of shareholder |  |
| Account No.         |  |
| Name of the Bank    |  |
| IFS Code            |  |
| Branch Name         |  |
| Nature of Account   |  |
| Mobile No.          |  |
| Email id            |  |

*I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold INKEL or its bankers responsible. I understand that INKEL also reserves the right to send the dividend payable to me by a physical warrant on account of any unforeseen circumstances beyond the control of INKEL.*

Yours faithfully

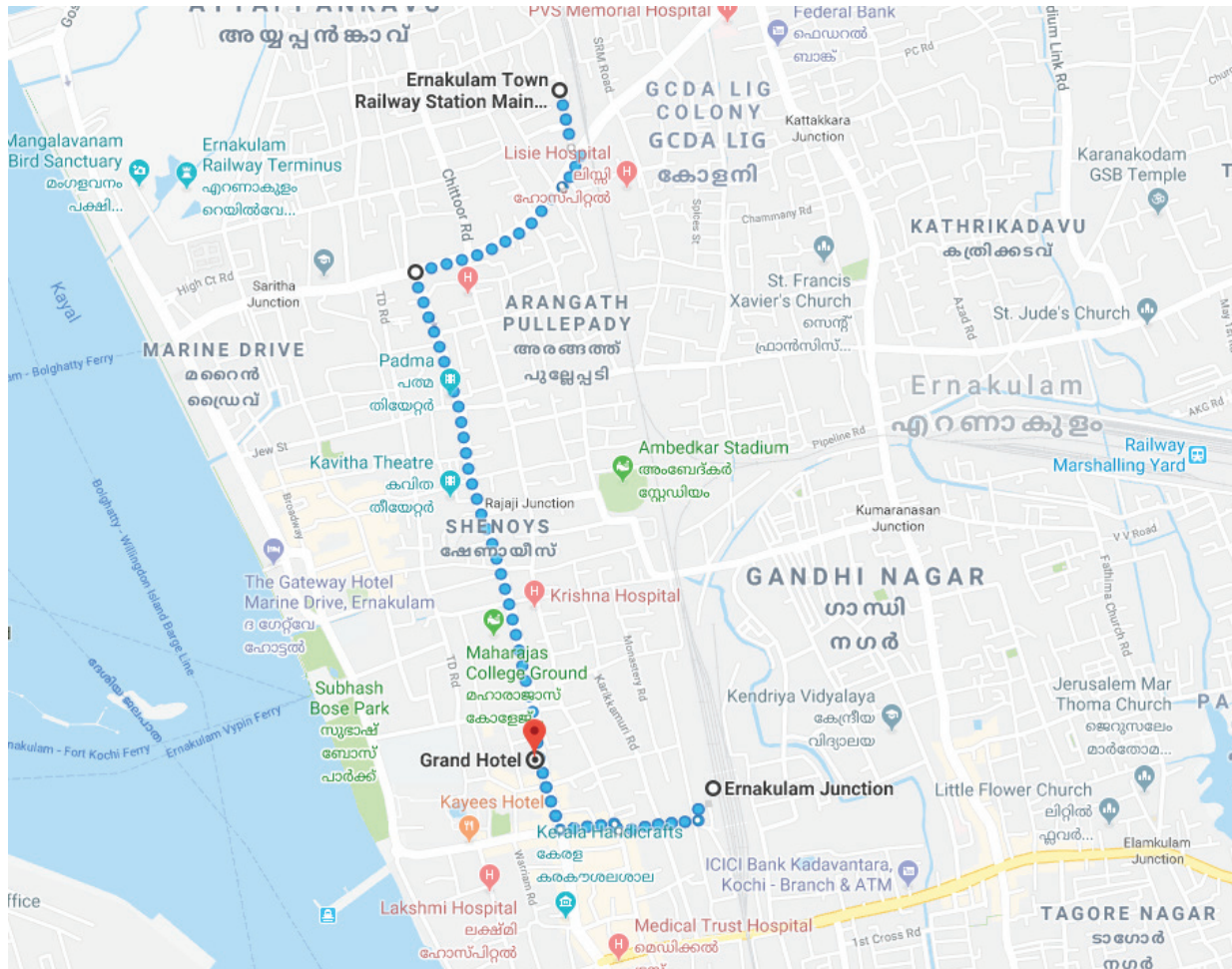
Date:  
Place:

Signature

**# Shareholders may send the scanned copy of this form to [depts@inkelkerala.com](mailto:depts@inkelkerala.com)**

## Route Map Venue of 11th Annual General Meeting Grand Hotel

Jose Junction, MG Road, Kochi - 682 011



### Distance From

- |    |                                 |   |         |
|----|---------------------------------|---|---------|
| 1. | Ernakulam South Railway Station | - | 0.08 Km |
| 2. | Ernakulam Town Railway Station  | - | 3.4 Km  |
| 3. | Ernakulam KSRTC Bus Stand       | - | 1.3 Km  |
| 4. | Cochin International Airport    | - | 29.2 Km |

## ATTENDANCE SLIP

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

CIN: U45209KL2007PLC020471

Door No. 7/473 ZA-5&6, 2nd Floor, Ajjiyal Complex,

Kakkanad, Cochin, Ernakulum - 682030

Ph : 0484 2978101/03, Fax : 0484 2978102

I hereby record my presence at the Eleventh Annual General Meeting of INKEL Limited to be held on Monday, the 20th August 2018 at 10.30 am at Grand Hotel, Jos Junction, MG Road, Cochin.

Full name of the Member :

Folio No. : No. of shares :

Name of Proxy :

Member's/Proxy's Signature :

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

CIN: U45209KL2007PLC020471

Door No. 7/473 ZA-5&6, 2nd Floor, Ajiyal Complex,  
Kakkanad, Cochin, Ernakulum - 682030

Ph : 0484 2978101/03 , Fax : 0484 2978102

Name of the member (s):  
Registered address:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the at the Annual General Meeting of INKEL Limited to be held on Monday, the 20th August 2018 at 10.30 am at Grand Hotel, Jos Junction, MG Road, Cochin and at any adjournment thereof in respect of such resolutions as indicated in the notice.

Signed this..... day of.....

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of first Proxy holder    signature of second proxy holder    signature of third proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**Registered Office :** Door No. 7/473 ZA-5&6, Ajiyal Complex  
Post Office Road, Kakkanad, Cochin - 682 030, India,  
**Phone :** 0484 2978101/03  
Email : [deptcs@inkelkerala.com](mailto:deptcs@inkelkerala.com), **Website :** [www.inkel.in](http://www.inkel.in)