

## **INDEPENDENT AUDITORS' REPORT**

The Members of  
**MPSEZ UTILITIES PRIVATE LIMITED.**

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

We have audited the accompanying standalone Ind AS financial statements of **MPSEZ UTILITIES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flow and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

### **Management's 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 Ind AS 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, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 standalone Ind AS financial statements are free from material misstatement.

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## **Other Matter:**

The comparative Financial information of the Company for the year ended on 31<sup>st</sup> March, 2016 and the transition date opening balance sheet as at 1<sup>st</sup> April, 2015 included in these standalone financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated 22<sup>nd</sup> April, 2016 and 25<sup>th</sup> April, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind As have been audited by us.

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

1. As required by 'the Companies (Auditors' Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the "Annexure 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 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 over financial 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 Auditors' 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 does not have pending litigations which would impact its financial position.
- ii) The Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv) The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For **SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. 113742W

Place : Ahmedabad.  
Date : 29<sup>th</sup> April, 2017

**BHARAT A. SHAH**  
**PARTNER**  
Membership Number: 30167

**“Annexure A” to the Independent Auditors’ Report of even date on the Ind AS Financial Statements of MPSEZ UTILITIES PRIVATE LIMITED.**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Ind AS financial statements of the Company for the year ended March 31, 2017:

1. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) According to the information and explanations given to us and the lease deeds and other records produced before us, we report that the lease deed in respect of the of land that have been taken on lease and disclosed as fixed assets in the financial statements is in the company’s name.
2. The company is engaged in distribution of power. Therefore, the provisions of clause (ii) of the paragraph 3 of the Order are not applicable to the company.
3. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the requirements of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of loans, investments, guarantees and security.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit nor has any unclaimed deposit within the meaning of the provisions of Sections 73 to 76 or any other relevant provision of the Act and the rules framed thereunder. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.

6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Sub-section (1) of Section 148 of the Act applicable in respect of power transmission & distribution activity undertaken by the Company and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. In respect of statutory dues:
  - a) According to the records of the Company, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2017 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess on account of any dispute, which have not been deposited.
8. Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the financial institution, bank and debenture holders.
9. In our opinion and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained other than temporary deployment pending application. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year under review.
10. Based upon the audit procedures performed and as per the information and explanations given to us, we report that, no fraud on or by the Company has been noticed or reported during the year.

11. The company has not paid or provided for any managerial remuneration and therefore, the provisions of Clause (xi) of paragraph 3 of the Order are not applicable to the Company.
12. In our opinion, Company is not a *Nidhi* company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
13. According to the information and explanations given to us, all the transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details have been disclosed in the financial statements as required by the applicable accounting standards.
14. In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence clause (xiv) of paragraph 3 of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with them and covered under Section 192 of the Act. Hence, clause (xv) of paragraph 3 of the Order is not applicable to the Company.
16. To the best of our knowledge and as explained, the Company is not required to be registered under Section 45- IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. 113742W

Place : Ahmedabad.  
Date : 29<sup>th</sup> April, 2017

**BHARAT A. SHAH**  
PARTNER  
Membership Number: 30167

**“Annexure B” to the Independent Auditors’ Report  
(Referred to in our report of even date)**

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

We have audited the internal financial controls over financial reporting of **MPSEZ UTILITIES PRIVATE LIMITED** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. 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.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial 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 over

financial 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial 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 Auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. 113742W

Place : Ahmedabad.  
Date : 29<sup>th</sup> April, 2017

**BHARAT A. SHAH**  
**PARTNER**  
Membership Number: 30167

**MPSEZ Utilities Private Limited**  
**Balance Sheet as at March 31, 2017**

Particulars	Notes	Amt in ₹		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	38,58,26,595	51,69,83,917	54,96,74,648
Capital work-in-progress	4	15,28,16,104	3,04,22,008	2,74,89,923
Other financial assets	8	3,960	27,935	25,544
Other non-current assets	9	14,26,45,870	13,94,25,527	10,06,99,141
		<b>68,12,92,529</b>	<b>68,68,59,387</b>	<b>67,78,89,256</b>
<b>Current assets</b>				
Inventories	10	11,59,432	22,72,594	8,88,722
Financial assets				
Investments	5	38,13,233	8,50,84,192	-
Trade receivables	6	1,57,67,042	62,02,920	93,743
Cash and Cash Equivalents	11	5,18,195	9,44,213	2,99,42,561
Bank balance other than cash and cash equivalents	12	30,550	-	2,26,08,592
Loans	7	40,00,000	-	-
Other current financial assets	8	7,68,066	10,39,122	16,95,989
Other current assets	9	11,04,85,598	10,76,53,128	9,91,86,448
		<b>13,65,42,116</b>	<b>20,31,96,169</b>	<b>15,44,16,055</b>
<b>Total assets</b>		<b>81,78,34,645</b>	<b>89,00,55,556</b>	<b>83,23,05,311</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	13	13,13,50,000	13,13,50,000	13,13,50,000
Other equity				
Share premium	14	39,37,50,000	39,37,50,000	39,37,50,000
Retained earnings		13,24,33,130	12,04,44,454	16,22,52,289
<b>Total equity</b>		<b>65,75,33,130</b>	<b>64,55,44,454</b>	<b>68,73,52,289</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	15	1,80,00,000	30,00,000	51,64,282
Other financial liabilities	16	2,46,76,774	3,23,42,947	3,39,23,086
Net employee defined benefit liabilities	17	14,48,200	20,56,617	14,45,958
Deferred tax liabilities (net)	18	3,19,15,593	3,94,24,191	-
		<b>7,60,40,567</b>	<b>7,68,23,755</b>	<b>4,05,33,326</b>
<b>Current liabilities</b>				
Financial liabilities				
Trade payables	20	4,80,34,688	12,84,06,415	8,82,03,636
Other current financial liabilities	16	3,13,08,438	2,91,23,047	76,46,382
Other current liabilities	19	46,54,589	97,94,680	80,24,462
Net employee defined benefit liabilities	17	2,63,233	3,63,205	5,45,216
		<b>8,42,60,948</b>	<b>16,76,87,347</b>	<b>10,44,19,696</b>
<b>Total liabilities</b>		<b>16,03,01,515</b>	<b>24,45,11,102</b>	<b>14,49,53,022</b>
<b>Total equity and liabilities</b>		<b>81,78,34,645</b>	<b>89,00,55,556</b>	<b>83,23,05,311</b>
<b>Summary of Significant accounting policies</b>	2.1			

The accompanying notes form an integral part of financials statements  
As per our report of even date

**For SHAH & SHAH ASSOCIATES**  
**ICAI Firm Registration No.: 113742W**  
**Chartered Accountants**

**For and on behalf of Board of Directors of**  
**MPSEZ Utilities Private Limited**

**BHARAT A. SHAH**  
Partner  
Membership No. 30167

**Amit Uplenchwar**  
Managing Director  
DIN: 06862760

**Mukesh Saxena**  
Director  
DIN: 07337179

**Manoj Chanduka**  
Chief Financial Officer

**Paresh Patel**  
Company Secretary

**Place: Ahmedabad**  
**Date: April 29, 2017**

**Place: Ahmedabad**  
**Date: April 29, 2017**

**MPSEZ Utilities Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

Particulars	Notes	Amt in ₹	
		March 31, 2017	March 31, 2016
<b>INCOME</b>			
Rendering of services	21	1,21,48,02,193	1,19,90,27,500
Other income	22	68,15,264	50,43,526
<b>Total income</b>		<b>1,22,16,17,457</b>	<b>1,20,40,71,026</b>
<b>EXPENSES</b>			
Operating expenses	23	1,10,06,52,109	1,07,88,55,810
Employee benefits expense	24	2,48,20,567	2,60,02,455
Depreciation and amortization expense	4	3,33,77,072	3,60,78,966
Finance costs	25	20,65,128	37,14,174
Other expenses	26	5,55,02,676	6,24,04,832
<b>Total expense</b>		<b>1,21,64,17,552</b>	<b>1,20,70,56,237</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>51,99,905</b>	<b>(29,85,211)</b>
Exceptional items		-	-
<b>Profit/(loss) before tax</b>		<b>51,99,905</b>	<b>(29,85,211)</b>
<b>Tax expense:</b>	27		
Current Tax		12,48,817	-
Adjustment of tax relating to earlier periods		-	(4,38,931)
Deferred Tax		(76,91,671)	3,94,24,191
<b>Income tax expense</b>		<b>(64,42,854)</b>	<b>3,89,85,260</b>
<b>Profit/(Loss) for the year</b>		<b>1,16,42,759</b>	<b>(4,19,70,471)</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains (losses) on defined benefit plans		5,28,990	1,62,635
Income Tax effect	27	(1,83,073)	-
		<b>3,45,917</b>	<b>1,62,635</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>			
		-	-
<b>Other comprehensive Income for the year</b>		<b>3,45,917</b>	<b>1,62,635</b>
<b>Total comprehensive Income for the year</b>		<b>1,19,88,676</b>	<b>(4,18,07,836)</b>
<b>Basic and diluted earnings per equity shares (in ₹) face value of ₹ 10 each</b>	31	<b>0.89</b>	<b>(3.20)</b>
<b>Summary of Significant accounting policies</b>	2.1		

The accompanying notes form an integral part of financials statements  
As per our report of even date

**For SHAH & SHAH ASSOCIATES**  
ICAI Firm Registration No.: 113742W  
Chartered Accountants

**For and on behalf of Board of Directors of**  
**MPSEZ Utilities Private Limited**

**BHARAT A. SHAH**  
Partner  
Membership No. 30167

**Amit Uplenchwar**  
Managing Director  
DIN: 06862760

**Mukesh Saxena**  
Director  
DIN: 07337179

**Manoj Chanduka**  
Chief Financial Officer

**Paresh Patel**  
Company Secretary

**Place: Ahmedabad**  
**Date: April 29, 2017**

**Place: Ahmedabad**  
**Date: April 29, 2017**

**MPSEZ Utilities Private Limited**  
**Statement of Changes in Equity for the year ended March 31, 2016**

Amt in ₹

Particulars	Equity Share Capital	Other Equity		Total
		Share Premium	Reserves and Surplus Retained Earning	
<b>Balance as on April 01, 2015</b>	<b>13,13,50,000</b>	<b>39,37,50,000</b>	<b>16,22,52,289</b>	<b>68,73,52,289</b>
Profit for the year			(4,19,70,471)	(4,19,70,471)
Other Comprehensive Income			1,62,636	1,62,636
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>(4,18,07,835)</b>	<b>(4,18,07,835)</b>
<b>Balance as on March 31, 2016</b>	<b>13,13,50,000</b>	<b>39,37,50,000</b>	<b>12,04,44,454</b>	<b>64,55,44,454</b>

**Statement of Changes in Equity for the year ended March 31, 2017**

Amt in ₹

Particulars	Equity Share Capital	Other Equity		Total
		Share Premium	Reserves and Surplus Retained Earning	
<b>Balance as on April 01, 2016</b>	<b>13,13,50,000</b>	<b>39,37,50,000</b>	<b>12,04,44,454</b>	<b>64,55,44,454</b>
Profit for the year	-	-	1,16,42,759	1,16,42,759
Other Comprehensive Income	-	-	3,45,917	3,45,917
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>1,19,88,676</b>	<b>1,19,88,676</b>
<b>Balance as on March 31, 2017</b>	<b>13,13,50,000</b>	<b>39,37,50,000</b>	<b>13,24,33,130</b>	<b>65,75,33,130</b>

For SHAH & SHAH ASSOCIATES  
 ICAI Firm Registration No.: 113742W  
 Chartered Accountants

For and on behalf of Board of Directors of  
 MPSEZ Utilities Private Limited

**BHARAT A. SHAH**  
 Partner  
 Membership No. 30167

**Amit Uplenchwar**  
 Managing Director  
 DIN: 06862760

**Mukesh Saxena**  
 Director  
 DIN: 07337179

**Manoj Chanduka**  
 Chief Financial Officer

**Paresh Patel**  
 Company Secretary

Place: Ahmedabad  
 Date: April 29, 2017

Place: Ahmedabad  
 Date: April 29, 2017

**MPSEZ Utilities Private Limited**
**Statement of Cash Flows for the year ended March 31, 2017**

Particulars	Amt in ₹	
	March 31, 2017	March 31, 2016
<b>Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax as per statement of profit and loss</b>	51,99,905	(29,85,211)
Adjustments for:		
Excess provision written back	-	(6,08,905)
Depreciation and amortisation	3,33,77,072	3,60,78,966
Interest income	(2,21,34,466)	(53,43,573)
Income from dividend	(22,242)	(1,22,625)
Net (gain)/loss on sale of current investments	(62,93,292)	(27,73,825)
Interest expense	4,49,898	10,98,741
<b>Operating profit before working capital changes</b>	<b>1,05,76,875</b>	<b>2,53,43,568</b>
Movements in working capital :		
(Increase)/ Decrease in trade receivables	(95,64,122)	(61,09,177)
(Increase)/ Decrease in inventories	11,13,162	(13,83,872)
(Increase)/ Decrease in financial assets	3,48,762	2,88,701
(Increase)/ Decrease in other assets	(28,32,470)	(84,66,680)
Increase/ (Decrease) in trade payables	(8,03,71,727)	4,02,02,779
Increase/ (Decrease) in other liabilities	(53,19,490)	29,70,406
Increase/ (Decrease) in financial liabilities	(1,39,66,314)	1,86,74,351
<b>Cash generated from operations</b>	<b>(10,00,15,324)</b>	<b>7,15,20,076</b>
Direct taxes paid (net)	(28,48,504)	(2,87,455)
<b>Net cash flow/ (used in) from operating activities (A)</b>	<b>(10,28,63,828)</b>	<b>7,12,32,621</b>
<b>Cash flows from investing activities</b>		
Purchase of Property plant & equipment (Including capital work In progress and capital advances)	(1,70,71,241)	(4,22,28,541)
Intercompany deposit given	(40,00,000)	
Interest received	2,20,52,800	57,11,739
(Purchase)/sale of investment in Mutual Fund (net)	8,75,64,251	(8,23,10,367)
Income from dividend	22,242	1,22,625
Deposit/realisation of margin money	(2,615)	2,26,06,201
<b>Net cash inflow from/ (used in) investing activities (B)</b>	<b>8,85,65,437</b>	<b>(9,60,98,343)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	(10,00,000)	(11,35,718)
Proceeds from inter corporate deposit (including short-term)	7,22,00,000	60,623
Repayment of inter corporate deposit (including short-term)	(5,62,00,000)	(12,24,905)
Interest paid	(11,27,627)	(18,32,626)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>1,38,72,373</b>	<b>(41,32,626)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents (A + B + C)</b>	<b>(4,26,018)</b>	<b>(2,89,98,348)</b>
Cash & cash equivalents at the beginning of the year	9,44,213	2,99,42,561
<b>Cash &amp; cash equivalents at the end of the year (Refer note-11)</b>	<b>5,18,195</b>	<b>9,44,213</b>

**Notes:**

Component of Cash and Cash equivalents

Cash on hand

Balances with scheduled bank

On current accounts

**Total cash and cash equivalents**

-	-
5,18,195	9,44,213
<b>5,18,195</b>	<b>9,44,213</b>

Margin money deposits (restricted Cash)

Summary of significant accounting policies 2.1

The accompanying note are an integral part of the financial statements

**Note:**

The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash Flows issued by the Institute of Chartered Accountants of India.

As per our report of even date

**For SHAH & SHAH ASSOCIATES**  
 ICAI Firm Registration No.: 113742W  
 Chartered Accountants

**For and on behalf of Board of Directors of**  
**MPSEZ Utilities Private Limited**

**BHARAT A. SHAH**  
 Partner  
 Membership No. 30167

**Amit Uplenchwar**  
 Managing Director  
 DIN: 06862760

**Mukesh Saxena**  
 Director  
 DIN: 07337179

**Manoj Chanduka**  
 Chief Financial Officer

**Paresh Patel**  
 Company Secretary

Place: Ahmedabad  
 Date: April 29, 2017

Place: Ahmedabad  
 Date: April 29, 2017

## MPSEZ Utilities Private Limited

### Notes to Financial statements for the year ended March 31, 2017

#### 1 Corporate information

MPSEZ Utilities Private Limited (MUPL) is 100% Subsidiary company of Adani Ports and Special Economic Zone Limited (APSEZL) and a Co-developer to provide infrastructure facilities in Mundra Special Economic Zone. The main objective of the company is to provide facility of distribution of electricity, effluent & sewage in Mundra SEZ area, Kutch, Gujarat.

#### 2 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 3.1 for information on how the Company adopted Ind AS.

The Financial Statements have been prepared on the historical cost basis, except for certain financial instruments (including derivative instruments) which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

#### 2.1 Summary of significant accounting policies

##### a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

##### b) Inventories

Stores and Spares:

- Valued at lower of cost and net realizable value. Cost is determined on a moving weighted average basis. Cost of stores and spares lying in bonded warehouse includes custom duty accounted for on an accrual basis.
- Stores and Spares which do not meet the definition of property, plant and equipment are accounted as inventories.
- Costs incurred that relate to future contract activities are recognised as "Project Work in Progress".
- Project work in progress comprise specific contract costs and other directly attributable overheads including borrowing costs which can be allocated on specific contract cost is, valued at lower of cost and net realisable value.
- Net Realizable Value in respect of store and spares is the estimated current procurement price in the ordinary course of the business.

##### c) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

##### d) Property, plant and equipment (PPE)

Under the previous GAAP (Indian GAAP), Fixed assets (including Capital work in progress) are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met directly attributable cost of bringing the asset to its working condition for the intended use. The company has elected to regard previous GAAP carrying values of property as deemed cost at the date of transition to Ind AS.

Property, plant and equipment (including Capital work in progress) is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, The company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Borrowing cost relating to acquisition / construction of property, plant & equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under rates as per Appendix III of CERC (Terms and conditions of Tariff) Regulations, 2009 which are in line with Annexure I of Gujarat Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2011.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leasehold land is amortized over the lease period.

## MPSEZ Utilities Private Limited

### Notes to Financials statements for the year ended March 31, 2017

Service line contribution received from consumers towards connected lines are treated as capital receipt and deducted from the carrying value of property, plant and equipment. However the service line contribution towards unconnected lines are recognised under other financial liabilities till the transmission lines are fully commissioned.

#### e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### f) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### Dividend

Dividend is recognised when the share holders' right to receive payment is established on the balance sheet date.

#### Interest Income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

#### g) Foreign Currency Translation

The Company's financial statements are presented in INR, which is also the parent company's functional currency. The Company determines the functional currency and items included in the financial statements of are measured using that functional currency.

##### (i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition.

##### ii) Conversion

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

##### iii) Exchange Differences

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss for which the treatment is as below.

a) Exchange differences arising on long-term foreign currency monetary items (including funds used for projects work in progress) related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

#### h) Employees Retirement Benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid.

The company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- > Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- > Net interest expense or income.

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefits. The company measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date.

## MPSEZ Utilities Private Limited

### Notes to Financials statements for the year ended March 31, 2017

#### i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### j) Segment Reporting

In accordance with the Ind-As 108 - "Operating Segments", the Company has determined its business segment of distribution of electricity, effluent & sewage facilities. Since there are no other business segments in which the Company operates, there are no other primary reportable segments.

#### k) Related Party Transactions

Disclosure of transactions with Related Parties, as required by Ind-As 24 "Related Party Disclosures" has been set out in a separate note. Related parties as defined under Ind-As 24 have been identified on the basis of representations made by key managerial personnel and information available with the Company.

#### l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2015 the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

##### The Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that The Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

##### The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

#### m) Earnings per share

The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year.

#### n) Taxes

##### i) Current income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Current income tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in OCI or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### ii) Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except

> When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

> When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

## MPSEZ Utilities Private Limited

### Notes to Financial statements for the year ended March 31, 2017

The Company is eligible and claiming tax deductions available under section 80IAB of the Income Tax Act, 1961. In view of Company availing tax deduction under Section 80IAB of the Income Tax Act, 1961, deferred tax has been recognized in respect of temporary difference, which reverse after the tax holiday period in the year in which the temporary difference originate and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the temporary difference which originate first are considered to reverse first.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that The company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. Deferred tax include MAT Credit Entitlement.

#### **o) Impairment of non-financial assets**

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of The company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

Intangible assets with indefinite useful lives are tested for impairment annually as at year end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

#### **p) Provisions**

##### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **q) Expenditure**

Expenditures are accounted net of taxes recoverable, wherever applicable.

#### **r) Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- > In the principal market for the asset or liability, or
- > In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- > Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities .
- > Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- > Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## MPSEZ Utilities Private Limited

### Notes to Financial statements for the year ended March 31, 2017

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuers are involved for valuation of unquoted financial assets and financial liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with The Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per The Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on a yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### s) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

Initial recognition and measurement

All financial assets, except investment in subsidiaries, associates and joint ventures are recognised initially at fair value.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- > Debt instruments at amortised cost.
- > Debt instruments at fair value through other comprehensive income (FVTOCI).
- > Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
- > Equity instruments measured at fair value through other comprehensive income (FVTOCI).

##### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

##### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

##### Equity instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, The Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- > The rights to receive cash flows from the asset have expired, or
- > The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## MPSEZ Utilities Private Limited

### Notes to Financial statements for the year ended March 31, 2017

#### Impairment of financial assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances.
- b) Financial assets that are debt instruments and are measured as at other comprehensive income (FVTOCI).
- c) Lease receivables under Ind AS 17.
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- > Trade receivables or contract revenue receivables; and
- > All lease receivables resulting from transactions within the scope of Ind AS 17.

Under the simplified approach the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk said initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance ( or reversal) recognised during the period is recognised as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head " Other Expense" in the P&L.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, The Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

##### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### t) Derivative financial instruments

##### Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, cross currency swaps, options, interest rate futures and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## MPSEZ Utilities Private Limited

### Explanatory Notes to Financials statements for the year ended March 31, 2017

#### 3 Explanatory Notes

These financial statements of Mpsez Utilities Private Limited ('MUPL' or Company) for the year ended March 31, 2017 have been prepared in accordance with Ind AS. This is Company's first set of financial statements in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed under Ind AS 101- First Time adoption of Indian Accounting Stanadard,with April 1, 2015 as the transition date and IGAAP as previous GAAP.

The transition to Ind AS has resulted in the changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies in note 2.1 have been applied in preparing the financial statements for the year ended on March 31, 2017 and the comparative . An explanation of how the previous GAAP to Ind AS has affected the company's Financial statements is set below. Further, Exemption on first time adoption of Ind AS availed in accordance with Ind AS have been set out in note 3.1

#### 3.1 Options availed on the first time adoption of Ind AS 101

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following Ind AS 101 exemptions from the transition date i.e. April 01, 2015 :

The Company has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.

#### 3.2 Significant accounting estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company

##### Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

##### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

##### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### 3.3 Reconciliation of total comprehensive income between previously reported (referred to as "Previous GAAP") and Ind AS for the year ended March 31, 2016 is presented as under : -

##### 3.3.1 Reconciliation of total comprehensive income:-

Sr No	Nature of Adjustments	Year Ended March 31, 2016 Amt in ₹
	<b>Net Profit as per previous GAAP</b>	<b>(4,17,56,309)</b>
i)	Remeasurement cost of net defined benefit liability	(1,62,635)
ii)	Net gain/(loss) on financial assets / liabilities fair valued through statement of profit and loss	84,192
iii)	Impact of change in borrowings	(1,35,719)
	<b>Total</b>	<b>(78,443)</b>
	<b>Net profit before OCI as per Ind AS</b>	<b>(4,19,70,471)</b>
	Other comprehensive Income (net of tax)	1,62,635
	<b>Total comprehensive income as per Ind AS</b>	<b>(4,18,07,836)</b>

**MPSEZ Utilities Private Limited**
**Explanatory Notes to Financials statements for the year ended March 31, 2017**
**3.3.2 Reconciliation of equity:-**

Sr No	Nature of Adjustments	As at March 31, 2016 Amt in ₹	As at April 01, 2015 Amt in ₹
	<b>Equity as per Previous GAAP</b>	<b>80,42,36,304</b>	<b>82,44,06,537</b>
i)	Service line contribution	(15,87,76,042)	(13,71,89,966)
ii)	Equity component of borrowing	2,18,434	2,18,434
iii)	Fair valuation of financial assets	(1,34,242)	(82,716)
	<b>Total adjustments</b>	<b>(15,86,91,850)</b>	<b>(13,70,54,248)</b>
	<b>Equity as per Ind AS</b>	<b>64,55,44,454</b>	<b>68,73,52,289</b>

**3.4 Reconciliation of equity as at April 01, 2015 and March 31, 2016**

	Foot- notes	March 31, 2016 (Last period presented under IGAAP)			April 01, 2015 (Date of transition)		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
		Amt in ₹					
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	(d)	65,41,54,385	(13,71,70,468)	51,69,83,917	68,55,13,530	(13,58,38,882)	54,96,74,648
Capital work-in-progress		3,04,22,008	-	3,04,22,008	2,74,89,923	-	2,74,89,923
Other Intangible assets		-	-	-	-	-	-
<b>Financial assets</b>							
Other financial assets		27,935	-	27,935	25,544	-	25,544
Other non-current assets		13,94,25,527	-	13,94,25,527	10,06,99,141	-	10,06,99,141
		<b>82,40,29,855</b>	<b>(13,71,70,468)</b>	<b>68,68,59,387</b>	<b>81,37,28,138</b>	<b>(13,58,38,882)</b>	<b>67,78,89,256</b>
<b>Current assets</b>							
Inventories		22,72,594	-	22,72,594	8,88,722	-	8,88,722
<b>Financial assets</b>							
Investments	(a)	8,50,00,000	84,192	8,50,84,192	-	-	-
Trade receivables		62,02,920	-	62,02,920	93,743	-	93,743
Customers' bills discounted		-	-	-	-	-	-
Cash and Cash Equivalents		9,44,213	-	9,44,213	2,99,42,561	-	2,99,42,561
Bank balance other than cash and cash equivalents		-	-	-	2,26,08,592	-	2,26,08,592
Others current financial assets		10,39,122	-	10,39,122	16,95,989	-	16,95,989
Other current assets		10,76,53,128	-	10,76,53,128	9,91,86,448	-	9,91,86,448
		<b>20,31,11,977</b>	<b>84,192</b>	<b>20,31,96,169</b>	<b>15,44,16,055</b>	<b>-</b>	<b>15,44,16,055</b>
<b>Total assets</b>		<b>1,02,71,41,832</b>	<b>(13,70,86,276)</b>	<b>89,00,55,556</b>	<b>96,81,44,193</b>	<b>(13,58,38,882)</b>	<b>83,23,05,311</b>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Equity share capital		13,13,50,000	-	13,13,50,000	13,13,50,000	-	13,13,50,000
Other equity	(a)	(2,18,434)	2,18,434	-	(2,18,434)	2,18,434	-
Share Premium		39,37,50,000	-	39,37,50,000	39,37,50,000	-	39,37,50,000
Service Line Contribution	(d)	15,87,76,042	(15,87,76,042)	-	13,71,89,966	(13,71,89,966)	-
Retained earnings	(a,d)	12,05,78,696	(1,34,242)	12,04,44,454	16,23,35,005	(82,716)	16,22,52,289
<b>Total equity</b>		<b>80,42,36,304</b>	<b>(15,86,91,850)</b>	<b>64,55,44,454</b>	<b>82,44,06,537</b>	<b>(13,70,54,248)</b>	<b>68,73,52,289</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
<b>Financial liabilities</b>							
Borrowings	(a)	30,00,000	-	30,00,000	53,00,000	(1,35,718)	51,64,282
Other financial liabilities		3,23,42,947	-	3,23,42,947	3,39,23,086	-	3,39,23,086
Net employee defined benefit		20,56,617	-	20,56,617	14,45,958	-	14,45,958
Deferred tax liabilities (net)		3,94,24,191	-	3,94,24,191	-	-	-
		<b>7,68,23,755</b>	<b>-</b>	<b>7,68,23,755</b>	<b>4,06,69,044</b>	<b>(1,35,718)</b>	<b>4,05,33,326</b>
<b>Current liabilities</b>							
<b>Financial liabilities</b>							
Trade payables		12,84,06,415	-	12,84,06,415	8,82,03,636	-	8,82,03,636
Other current financial liabilities		2,91,23,047	-	2,91,23,047	76,46,382	-	76,46,382
Other current liabilities	(d)	(1,18,10,894)	2,16,05,574	97,94,680	66,73,378	13,51,084	80,24,462
Net employee defined benefit liabilities		3,63,205	-	3,63,205	5,45,216	-	5,45,216
		<b>14,60,81,773</b>	<b>2,16,05,574</b>	<b>16,76,87,347</b>	<b>10,30,68,612</b>	<b>13,51,084</b>	<b>10,44,19,696</b>
<b>Total liabilities</b>		<b>22,29,05,528</b>	<b>2,16,05,574</b>	<b>24,45,11,102</b>	<b>14,37,37,656</b>	<b>12,15,366</b>	<b>14,49,53,022</b>
<b>Total Equity and Liabilities</b>		<b>1,02,71,41,832</b>	<b>(13,70,86,276)</b>	<b>89,00,55,556</b>	<b>96,81,44,193</b>	<b>(13,58,38,882)</b>	<b>83,23,05,311</b>

### 3.5 Reconciliation of Statement of Profit and Loss for year ended March 31, 2016

		Amt in ₹		
	Foot-note	IGAAP	Adjustments	Ind AS
<b>INCOME</b>				
Rendering of services		1,19,90,27,500	-	1,19,90,27,500
Other Amit Uplenchwar	(a)	49,59,334	84,192	50,43,526
<b>Total Income</b>		<b>1,20,39,86,834</b>	<b>84,192</b>	<b>1,20,40,71,026</b>
<b>EXPENSES</b>				
Operating expenses		1,07,88,55,810	-	1,07,88,55,810
Employee benefits expense	(b)	2,58,39,820	1,62,635	2,60,02,455
Depreciation and amortization expense		3,60,78,966	-	3,60,78,966
Less:- Transfer from service line contribution		-	-	-
Finance costs	(a)	35,78,455	1,35,719	37,14,174
Other expenses		6,24,04,832	-	6,24,04,832
<b>Total Expense</b>		<b>1,20,67,57,883</b>	<b>2,98,354</b>	<b>1,20,70,56,237</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(27,71,049)</b>	<b>(2,14,162)</b>	<b>(29,85,211)</b>
Exceptional items				
<b>Profit/(loss) before tax</b>		<b>(27,71,049)</b>	<b>(2,14,162)</b>	<b>(29,85,211)</b>
<b>Tax expense:</b>				
Current Tax		-	-	-
Adjustment of tax relating to earlier periods		(4,38,931)	-	(4,38,931)
Deferred Tax		3,94,24,191	-	3,94,24,191
<b>Income tax expenses</b>		<b>3,89,85,260</b>	<b>-</b>	<b>3,89,85,260</b>
<b>Profit/(Loss) for the year</b>		<b>(4,17,56,309)</b>	<b>(2,14,162)</b>	<b>(4,19,70,471)</b>
<b>Other Comprehensive Income</b>				
(a) Items that will not be reclassified to profit and loss in subsequent period				
Re-measurement gains (losses) on defined benefit plans	(b,c)	-	1,62,635	1,62,635
		-	<b>1,62,635</b>	<b>1,62,635</b>
(b) Items that will be reclassified to profit and loss in subsequent period		-	-	-
<b>Other Comprehensive Income for the year</b>		<b>-</b>	<b>1,62,635</b>	<b>1,62,635</b>
<b>Total Comprehensive Income for the year</b>		<b>(4,17,56,309)</b>	<b>(51,527)</b>	<b>(4,18,07,836)</b>

Footnotes to the reconciliation of profit and loss for the year ended March 31, 2016 and equity as at April 01, 2015 and March 31, 2016 :

(a) Fair valuation for Financial Assets and Financial Liabilities : The Company has valued financial assets and Financial Liabilities, at fair value. Impact of fair value changes as on date of transition, is recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss Account or Other Comprehensive Income, as the case may be.

(b) Remeasurement cost of net defined liability : Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

(c) Other comprehensive income : Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

(d) Measurement of service line contribution : Under the previous GAAP, service line contribution received towards transmission lines was recognised as capital reserve, under Ind AS, the service contribution received towards connected lines is deducted from the carrying value of Property Plant and equipment. However, service line contribution towards unconnected lines are shown under other financial liabilities till the transmission lines are fully commissioned.

**MPSEZ Utilities Private Limited**

Notes to Financials statements for the year ended March 31, 2017

Note 4 - Property, plant and equipment

Amt in ₹

Particulars	Tangible assets										Capital work in progress
	Leasehold land	Building	Plant & machinery	Furniture & fixtures	Computer equipment	Vehicles	MRSS	Transmission Line	Connectivity Line	Total	
<b>Cost</b>											
As at April 1, 2015	5,39,72,951	2,10,38,381	61,01,74,821	93,869	43,316	1,90,193	(3,67,42,699)	(3,84,96,277)	(6,05,99,906)	54,96,74,649	2,74,89,923
Additions	-	-	1,36,06,500	33,300	43,500	-	(16,34,126)	(22,95,000)	(63,65,940)	33,88,234	1,65,82,085
Deductions/Adjustment	-	-	-	-	-	-	-	-	-	-	(1,36,50,000)
Exchange difference	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2016</b>	<b>5,39,72,951</b>	<b>2,10,38,381</b>	<b>62,37,81,321</b>	<b>1,27,169</b>	<b>86,816</b>	<b>1,90,193</b>	<b>(3,83,76,825)</b>	<b>(4,07,91,277)</b>	<b>(6,69,65,846)</b>	<b>55,30,62,883</b>	<b>3,04,22,008</b>
Additions	-	-	2,24,69,916	-	-	-	(5,67,51,998)	(1,26,73,000)	(5,08,25,169)	(9,77,80,251)	14,48,64,012
Deductions/Adjustment	-	-	-	-	-	-	-	-	-	-	(2,24,69,916)
Exchange difference	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>5,39,72,951</b>	<b>2,10,38,381</b>	<b>64,62,51,237</b>	<b>1,27,169</b>	<b>86,816</b>	<b>1,90,193</b>	<b>(9,51,28,823)</b>	<b>(5,34,64,277)</b>	<b>(11,77,91,015)</b>	<b>45,52,82,632</b>	<b>15,28,16,104</b>
<b>Depreciation and Impairment</b>											
As at April 1, 2015	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	21,29,250	8,32,709	4,20,28,055	9,331	22,183	20,915	(23,66,155)	(26,19,424)	(39,77,899)	3,60,78,966	-
Deductions/(Adjustment)	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2016</b>	<b>21,29,250</b>	<b>8,32,709</b>	<b>4,20,28,055</b>	<b>9,331</b>	<b>22,183</b>	<b>20,915</b>	<b>(23,66,155)</b>	<b>(26,19,424)</b>	<b>(39,77,899)</b>	<b>3,60,78,965</b>	<b>-</b>
Depreciation for the year	21,29,250	8,32,708	4,28,78,136	10,143	13,156	20,915	(38,11,217)	(30,72,333)	(56,23,686)	3,33,77,072	-
Deductions/(Adjustment)	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>42,58,500</b>	<b>16,65,417</b>	<b>8,49,06,191</b>	<b>19,474</b>	<b>35,339</b>	<b>41,830</b>	<b>(61,77,372)</b>	<b>(56,91,757)</b>	<b>(96,01,585)</b>	<b>6,94,56,037</b>	<b>-</b>
<b>Net Block</b>											
As at March 31, 2017	4,97,14,451	1,93,72,964	56,13,45,046	1,07,695	51,477	1,48,363	(8,89,51,451)	(4,77,72,520)	(10,81,89,430)	38,58,26,595	-
As at March 31, 2016	5,18,43,701	2,02,05,672	58,17,53,266	1,17,838	64,633	1,69,278	(3,60,10,670)	(3,81,71,853)	(6,29,87,947)	51,69,83,917	-
As at April 1, 2015	5,39,72,951	2,10,38,381	61,01,74,821	93,869	43,316	1,90,193	(3,67,42,699)	(3,84,96,277)	(6,05,99,906)	54,96,74,648	-

**MPSEZ Utilities Private Limited**

**Notes to Financials statements for the year ended March 31, 2017**

**5 Investments**

**Current**

**Financial Assets at fair value through Profit or Loss(FVTPL)**

**Unquoted Mutual Funds**

85663.86 Unit of ₹ 10 each each in JM High Liquidity Fund - Direct Plan Growth (March, 31,2016: 20,53,462.50 Unit & March, 31, 2015: Nil)

	March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
	38,13,233	8,50,84,192	-
	<b>38,13,233</b>	<b>8,50,84,192</b>	<b>-</b>

**6 Trade Receivables**

**Current**

**Unsecured considered good unless stated otherwise**

Trade Receivables

Receivables from related parties

	March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
	51,82,744	19,50,093	93,743
	1,05,84,298	42,52,827	
	<b>1,57,67,042</b>	<b>62,02,920</b>	<b>93,743</b>

**7 Loans**

**Current**

Loans and Advance to Related Parties

	March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
	40,00,000	-	-
	<b>40,00,000</b>	<b>-</b>	<b>-</b>

**8 Other Financial assets**

**Non-current**

Security and other deposits

Bank Deposits having maturity over 12 months

	March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
	3,960	-	-
	-	27,935	25,544
	<b>3,960.00</b>	<b>27,935</b>	<b>25,544</b>

**Current**

Security and other deposits

Interest accrued on deposits and loans

Loans and advance to employees

	74,400	3,960	3,960
	81,666	-	3,68,166
	6,12,000	10,35,162	13,23,863
	<b>7,68,066</b>	<b>10,39,122</b>	<b>16,95,989</b>

**9 Other Assets**

**Non Current**

**Capital Advances**

Unsecured, considered good

	March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
	13,96,20,656	13,80,00,000	10,00,00,000
(A)	<b>13,96,20,656</b>	<b>13,80,00,000</b>	<b>10,00,00,000</b>

**Others (Unsecured)**

Advance income tax ( Net of Provision for taxation)

	30,25,214	14,25,527	6,99,141
(B)	<b>30,25,214</b>	<b>14,25,527</b>	<b>6,99,141</b>

(A) + (B) **14,26,45,870**      **13,94,25,527**      **10,06,99,141**

**Current**

**Advances recoverable in cash or in kind**

Unsecured, considered good

Unsecured, considered doubtful

Unsecured, considered doubtful

	3,82,114	1,34,534	3,68,235
	-	-	-
	3,82,114	1,34,534	3,68,235
(A)	<b>3,82,114</b>	<b>1,34,534</b>	<b>3,68,235</b>

**Others (Unsecured)**

Prepaid Expenses

Accrued revenue

Balances with statutory/ Government authorities

Gratuity fund

	-	2,70,657	66,896
	10,83,65,829	10,58,02,519	9,77,52,176
	16,89,597	14,45,418	9,99,141
	48,058		
(B)	<b>11,01,03,484</b>	<b>10,75,18,594</b>	<b>9,88,18,213</b>

(A) + (B) **11,04,85,598**      **10,76,53,128**      **9,91,86,448**

**MPSEZ Utilities Private Limited**

**Notes to Financials statements for the year ended March 31, 2017**

**10 Inventories**

Stores and spares

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
11,59,432	22,72,594	8,88,722
<b>11,59,432</b>	<b>22,72,594</b>	<b>8,88,722</b>

**11 Cash and cash equivalents**

**Balances with banks:**

Balance in current account

Deposits with original maturity of less than three months

**Cash on hand (refer note below)**

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
5,18,195	9,44,213	12,70,908
-	-	2,86,71,653
-	-	-
<b>5,18,195</b>	<b>9,44,213</b>	<b>2,99,42,561</b>

**Note:-**

As per the amendment to Schedule III of the Companies Act, 2013 by MCA notification G.S.R 308(E) dated 30th March 2017, every company is required to disclose the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016. Since the company did not hold or transact in cash during the entire year, the said disclosure is not applicable.

**12 Bank balances other than cash and cash equivalents**

Margin Money deposits

Deposits with original maturity over 3 months but less than 12 months

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
30,550	-	-
-	-	2,26,08,592
<b>30,550</b>	<b>-</b>	<b>2,26,08,592.00</b>

**13 Share capital**

**Authorised**

1,31,50,000 Equity Shares of ₹ 10 each ( 1,31,50,000 and 1,31,50,000 Equity Shares of ₹ 10 each as at March 31, 2016 and April 01, 2015 respectively)

**Issued, subscribed and fully paid up shares**

1,31,50,000 Equity Shares of ₹ 10 each ( 1,31,50,000 and 1,31,50,000 Equity Shares of ₹ 10 each as at March 31, 2016 and April 01, 2015 respectively)

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
13,15,00,000	13,15,00,000	13,15,00,000
<b>13,15,00,000</b>	<b>13,15,00,000</b>	<b>13,15,00,000</b>
13,13,50,000	13,13,50,000	13,13,50,000
<b>13,13,50,000</b>	<b>13,13,50,000</b>	<b>13,13,50,000</b>

**Notes:**

**(a) Reconciliation of the number of the shares outstanding as the beginning and end of the year:**

	March 31, 2017		March 31, 2016	
	Nos	Amt in ₹	Nos	Amt in ₹
At the beginning of the year	1,31,35,000	13,13,50,000	1,31,35,000	13,13,50,000
New Shares Issued during the year	-	-	-	-
At the end of the year	<b>1,31,35,000</b>	<b>13,13,50,000</b>	<b>1,31,35,000</b>	<b>13,13,50,000</b>

**(b) Terms/rights attached to equity shares:**

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

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. The distribution will be in proportion to the number of equity shares held by the shareholders.

Out of equity shares issued by the company, shares held by its holding company is as below,

**(c) Shares held by holding company**

**Adani Ports and Special Economic Zone Limited, the holding company and its nominee**

1,31,35,000 equity shares (Previous year 1,31,50,000) of ₹ 10 each

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹
13,13,50,000	13,13,50,000

**(d) Details of shareholder holding more than 5% shares in the Company**

Equity shares of ₹ 10 each fully paid	Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Adani Ports and Special Economic Zone Limited, the holding company and its nominee	Nos	1,31,35,000	1,31,35,000	1,31,35,000
	% Holding	100.00%	100.00%	100.00%

**MPSEZ Utilities Private Limited**

**Notes to Financial statements for the year ended March 31, 2017**

**14 Other Equity**

Equity premium

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
39,37,50,000	39,37,50,000	39,37,50,000
<b>39,37,50,000</b>	<b>39,37,50,000</b>	<b>39,37,50,000</b>

**15 Borrowings**

**Non-Current**

Indian rupee loan from bank (refer notes a & b below)  
Inter Corporate Deposit (Unsecured) (refer note c below)

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
20,00,000	30,00,000	40,00,000
1,60,00,000	-	11,64,282
<b>1,80,00,000</b>	<b>30,00,000</b>	<b>51,64,282</b>

**Current**

Current maturity of  
Indian rupee loan from bank

**Total current borrowing**

Less: Amount shown under "other current financial liabilities"

**Net current borrowing**

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
10,00,000	10,00,000	10,00,000
<b>10,00,000</b>	<b>10,00,000</b>	<b>10,00,000</b>
(10,00,000)	(10,00,000)	(10,00,000)
<b>-</b>	<b>-</b>	<b>-</b>

**The above amount includes**

Secured borrowings

Unsecured borrowings

**Total borrowings**

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
30,00,000	40,00,000	50,00,000
1,60,00,000	-	11,64,282
<b>1,90,00,000</b>	<b>40,00,000</b>	<b>61,64,282</b>

**Notes:**

(a) The loan is repayable in equal quarterly instalment after moratorium of 3 months. Which is chargeable at interest rate of @ 1% above base rate The Tenure of loan is up to 31st March 2020.

(b) Term Loan from Banks are secured by way of hypothecation of Plant and Machinery of Company's transmission Business.

(c) Unsecured loan is taken from Adani Port and Special Economic Zone Limited at 12% interest rate & is repayable by 11th July, 2019.

**16 Other financial liabilities**

**Non-Current**

Deposit from customers

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
2,46,76,774	3,23,42,947	3,39,23,086
<b>2,46,76,774</b>	<b>3,23,42,947</b>	<b>3,39,23,086</b>

**Current**

Current maturities of long term borrowings (refer note 15)

Interest accrued but not due on borrowings

Capital creditors, retention money and other payable

Unconnected service line contribution

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
10,00,000	10,00,000	10,00,000
14,76,754	21,54,483	30,24,087
1,35,26,251	43,62,990	22,71,211
1,53,05,433	2,16,05,574	13,51,084
<b>3,13,08,438</b>	<b>2,91,23,047</b>	<b>76,46,382</b>

**17 Net employee defined benefit liabilities**

**Non-current**

Provision for gratuity (refer note 35)

Provision for leave encashment

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
-	4,55,284	-
14,48,200	16,01,333	14,45,958
<b>14,48,200</b>	<b>20,56,617</b>	<b>14,45,958</b>

**Current**

Provision for gratuity (refer note 35)

Provision for compensated absences

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
-	21,201	2,19,074
2,63,233	3,42,004	3,26,142
<b>2,63,233</b>	<b>3,63,205</b>	<b>5,45,216</b>

**18 Deferred tax liabilities/Assets (net)**

Deferred tax liability

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
3,19,15,593	3,94,24,191	-
<b>3,19,15,593</b>	<b>3,94,24,191</b>	<b>-</b>

**19 Other Liabilities**

**Current**

Statutory liability

Advance from customers

March 31, 2017	March 31, 2016	April 01, 2015
Amt in ₹	Amt in ₹	Amt in ₹
12,18,232	96,29,028	79,24,600
34,36,357	1,65,652	99,862
<b>46,54,589</b>	<b>97,94,680</b>	<b>80,24,462</b>

**MPSEZ Utilities Private Limited**

**Notes to Financials statements for the year ended March 31, 2017**

**20 Trade payables**

Payables to micro, small and medium enterprises (refer note 37)  
Others

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹	April 01, 2015 Amt in ₹
-	-	-
4,80,34,688	12,84,06,415	8,82,03,636
<b>4,80,34,688</b>	<b>12,84,06,415</b>	<b>8,82,03,636</b>

**21 Revenue from Operations**

Revenue from Power Sales  
Other revenue related to power sales  
    Meter Rent  
    Miscellaneous Income  
Income from Common Effluent Treatment services

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹
1,20,87,58,842	1,19,31,89,672
3,56,010	2,62,200
6,68,571	3,75,896
50,18,770	51,99,732
<b>1,21,48,02,193</b>	<b>1,19,90,27,500</b>

**22 Other Income**

**Interest Income from**

Bank deposits  
Customers and others

**Dividend on**

Current investments  
Liability no longer required written back  
Profit on sale of Investment (Mutual fund)  
Miscellaneous Income

**Total Other income**

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹
2,615	13,30,595
90,740	-
22,242	1,22,625
-	6,08,905
62,93,292	27,73,825
4,06,375	2,07,576
<b>68,15,264</b>	<b>50,43,526</b>

**23 Operating Expenses**

Power Purchase  
Reactive Energy Charges  
Unscheduled Interchange Charges

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹
1,08,10,40,113	1,04,63,92,425
13,61,897	24,03,719
1,82,50,099	3,00,59,666
<b>1,10,06,52,109</b>	<b>1,07,88,55,810</b>

**24 Employee benefit expense**

Salaries and Wages  
Contribution to Provident and Other Funds  
Gratuity (refer note 35)  
Staff Welfare Expenses

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹
2,19,71,306	2,31,55,328
11,68,240	11,84,022
5,11,420	4,39,136
11,69,601	12,23,969
<b>2,48,20,567</b>	<b>2,60,02,455</b>

**25 Finance Costs**

**Interest on**

Security Deposit  
Borrowings  
Bank charges and commission

March 31, 2017 Amt in ₹	March 31, 2016 Amt in ₹
16,15,230	23,83,659
4,49,898	10,98,741
-	2,31,774
<b>20,65,128</b>	<b>37,14,174</b>

**MPSEZ Utilities Private Limited**

**Notes to Financials statements for the year ended March 31, 2017**

**26 Other Expenses**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>Amt in ₹</b>	<b>Amt in ₹</b>
Infrastructure Usage Charges	2,67,42,348	2,50,10,785
Lease Rent	16,57,016	15,27,983
Insurance (net of reimbursement )	3,471	3,612
Advertisement and Publicity	1,18,170	84,955
<b>Repairs &amp; Maintenance</b>		
Plant and Machinery	39,00,067	1,19,47,255
Building	1,58,402	5,22,017
Others	11,43,550	8,15,846
Stores, Spares and Consumables	45,37,132	14,47,068
Legal and Professional Expenses	1,01,52,777	1,29,52,856
Payment to Auditors ( refer note 1 below)	2,30,000	2,30,000
Security Expenses	13,59,910	21,23,014
Communication Expenses	1,40,270	1,88,777
Electric Power Expenses	5,12,348	4,81,804
Travelling and Conveyance	12,67,998	13,64,907
Directors Sitting Fee	1,74,795	1,64,160
Charity & Donations ( refer note 2 below)	14,00,000	14,44,964
Inspection & Testing Charges	9,440	23,300
Miscellaneous Expenses	19,94,982	20,71,529
	<b>5,55,02,676</b>	<b>6,24,04,832</b>

**Note: 1**

**Payment to Auditor**

**As Auditor:**

Audit fee

Limited review

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>Amt in ₹</b>	<b>Amt in ₹</b>
	1,62,500	1,40,000
	67,500	90,000
	<b>2,30,000</b>	<b>2,30,000</b>

**Note: 2**

**Details of CSR Expenses**

Gross amount required to be spent by the company during the year

Amount spent during the year ending March 31, 2017

(i) Construction/acquisition of any Asset

(ii) On Purpose other than (i) above

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>Amt in ₹</b>	<b>Amt in ₹</b>
	13,61,484	14,44,964
	-	-
	14,00,000	14,44,964

**27 Income Tax**

**(a) 'The major components of income tax expenses for the years ended March 31, 2017 and March 31, 2016**

**Statement of profit and loss**

**Current income tax:**

Current income tax charge

Adjustment in respect of current income tax of previous years

**Deferred tax:**

Relating to origination and reversal of temporary differences

**Income tax expenses reported in statement of profit and loss**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>Amt in ₹</b>	<b>Amt in ₹</b>
	12,48,817	-
	-	(4,38,931)
	(76,91,671)	3,94,24,191
	<b>(64,42,854)</b>	<b>3,89,85,260</b>

**(b) 'OCI section**

**Deferred tax related to items recognised in OCI during the year**

Net loss/(gain) on remeasurements of defined benefit plans

**Income tax charged to OCI**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>Amt in ₹</b>	<b>Amt in ₹</b>
	1,83,073	-
	<b>1,83,073</b>	<b>-</b>

**MPSEZ Utilities Private Limited**

Notes to Financial statements for the year ended March 31, 2017

**(c) Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for March 31, 2017 and March 31, 2016**

	March 31, 2017	March 31, 2016
	Amt in ₹	Amt in ₹
<b>Accounting profit before taxation</b>	<b>51,99,905</b>	<b>(29,85,211)</b>
Applicable tax rate	34.61%	34.61%
<b>Computed tax expenses</b>	<b>17,99,583</b>	<b>(10,33,122)</b>
Tax on reduction in 80IA reversal	(49,56,157)	3,86,87,300
Tax provision due to difference in MAT rate and normal tax rate	12,48,817	-
Temporary Differences originating and getting reversed in Tax holiday period excluded for Deferred Tax	(50,88,916)	-
Tax on amortisation of Land not forming part of IT block	7,36,891	7,36,891
Deferred Tax on Actuarial gain transferred to OCI	(1,83,072)	-
Unrecognised tax credit on losses	-	10,33,122
Previous Year Tax Provision	-	(4,38,931)
<b>Income tax expenses charged to profit and loss</b>	<b>(64,42,854)</b>	<b>3,89,85,260</b>

**(d) Deferred tax relates to following**

Particulars	Balance Sheet			Profit and Loss	
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016
	Amt in ₹	Amt in ₹	Amt in ₹	Amt in ₹	Amt in ₹
Accelerated depreciation for tax purpose	(6,48,19,243)	(6,50,40,793)	-	2,21,550	(6,50,40,793)
Reversal of 80IA period	3,20,18,584	2,44,69,562	-	75,49,022	2,44,69,562
Defined benefit liability	8,85,066	11,47,040	-	(2,61,974)	11,47,040
<b>Deferred tax liabilities</b>	<b>(3,19,15,593)</b>	<b>(3,94,24,191)</b>	-	<b>75,08,598</b>	<b>(3,94,24,191)</b>

**(e) Reconciliation of deferred tax liabilities**

	March 31, 2017	March 31, 2016
	Amt in ₹	Amt in ₹
<b>Opening balance as at 1st April</b>	<b>(3,94,24,191)</b>	-
Tax expense during the period recognised in profit and loss	(76,91,671)	(3,94,24,191)
Tax expense during the period recognised in OCI	1,83,073	-
<b>Closing balance as at 31st March</b>	<b>(3,19,15,593)</b>	<b>(3,94,24,191)</b>

**28 Fair Value Measurement**

**a) The carrying value of financial instruments by categories as of March 31, 2017 is as follows :**

Particulars	Fair Value through other Comprehensive Income	Fair Value through Profit & Loss	Derivative instruments not in hedging relationship	Amortised Cost	Amt in ₹
					Total
<b>Financial Asset</b>					
Investments	-	38,13,233	-	-	38,13,233
Trade receivables	-	-	-	1,57,67,042	157,67,042
Cash and Cash Equivalents	-	-	-	5,18,195	5,18,195
Other Bank balance	-	-	-	30,550	30,550
Loans	-	-	-	40,00,000	40,00,000
Others financial assets	-	-	-	7,72,026	7,72,026
	-	<b>38,13,233</b>	-	<b>2,10,87,813</b>	<b>2,49,01,046</b>
<b>Financial Liabilities</b>					
Borrowings	-	-	-	1,80,00,000	1,80,00,000
Trade payables	-	-	-	4,80,34,688	4,80,34,688
Other financial liabilities	-	-	-	5,59,85,212	5,59,85,212
	-	-	-	<b>12,20,19,900</b>	<b>12,20,19,900</b>

**b) The carrying value of financial instruments by categories as of March 31, 2016 is as follows :**

Particulars	Fair Value through other Comprehensive Income	Fair Value through Profit & Loss	Derivative instruments not in hedging relationship	Amortised Cost	Amt in ₹
					Total
<b>Financial Asset</b>					
Investments	-	8,50,84,192	-	-	8,50,84,192
Trade receivables	-	-	-	62,02,920	62,02,920
Cash and Cash Equivalents	-	-	-	9,44,213	9,44,213
Others financial assets	-	-	-	10,67,057	10,67,057
	-	<b>8,50,84,192</b>	-	<b>82,14,190</b>	<b>9,32,98,382</b>

**MPSEZ Utilities Private Limited**

Notes to Financial statements for the year ended March 31, 2017

<b>Financial Liabilities</b>					
Borrowings	-	-	-	30,00,000	30,00,000
Bill discounting with banks	-	-	-	-	-
Trade payables	-	-	-	12,84,06,415	12,84,06,415
Other financial liabilities	-	-	-	6,14,65,994	6,14,65,994
	-	-	-	<b>19,28,72,409</b>	<b>19,28,72,409</b>

c) The carrying value of financial instruments by categories as of April 01, 2015 is as follows :

Particulars	Amt in ₹				
	Fair Value through other Comprehensive Income	Fair Value through Profit & Loss	Derivative instruments not in hedging relationship	Amortised Cost	Total
<b>Financial Asset</b>					
Investments	-	-	-	-	-
Trade receivables	-	-	-	93,743	93,743
Cash and Cash Equivalents	-	-	-	2,99,42,561	2,99,42,561
Other Bank balance	-	-	-	2,26,08,592	2,26,08,592
Others financial assets	-	-	-	17,21,533	17,21,533
	-	-	-	<b>5,43,66,429</b>	<b>5,43,66,429</b>
<b>Financial Liabilities</b>					
Borrowings	-	-	-	51,64,282	51,64,282
Trade payables	-	-	-	8,82,03,636	8,82,03,636
Other financial liabilities	-	-	-	4,15,69,468	4,15,69,468
	-	-	-	<b>13,49,37,386</b>	<b>13,49,37,386</b>

29 Fair Value hierarchy :

Particulars	Amt in ₹			
	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment		38,13,233		
Derivative instrument				
Financial Guarantees, received				
<b>Total</b>	-	<b>38,13,233</b>	-	-
<b>Liabilities</b>				
Derivative instruments				
Financial Guarantees, given				
<b>Total</b>	-	-	-	-

Particulars	Amt in ₹			
	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment		8,50,84,192		
Derivative instrument				
Financial Guarantees, received				
<b>Total</b>	-	<b>8,50,84,192</b>	-	-
<b>Liabilities</b>				
Derivative instruments				
Financial Guarantees, given				
<b>Total</b>	-	-	-	-

Particulars	Amt in ₹			
	As at April 01, 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment				
Derivative instrument				
Financial Guarantees, received				
<b>Total</b>	-	-	-	-
<b>Liabilities</b>				
Derivative instruments				
Financial Guarantees, given				
<b>Total</b>	-	-	-	-

## MPSEZ Utilities Private Limited

### Notes to Financial statements for the year ended March 31, 2017

#### 30 Financial Risk objective and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations/projects and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) and other price risks such as equity price risk. It manages its exposure to these risks through derivative financial instruments by hedging transactions. It uses derivative instruments such as Cross Currency Swaps, Full Currency swaps, Interest rate swaps, foreign currency future options and foreign currency forward contract to manage these risks. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of Central Treasury Team of the Adani Group under the framework of Risk Management Policy for Currency and Interest rate risk as approved by the Board of Directors of the Company. The Company's central treasury team ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in our judgment, are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

Further, all currency and interest risk as identified above is measured on a daily basis by monitoring the mark to market (MTM) of open and hedged position. The MTM is derived basis underlying market curves on closing basis of relevant instrument quoted on Bloomberg/Reuters. For quarter ends, the MTM for each derivative instrument outstanding is obtained from respective banks. All gain / loss arising from MTM for open derivative contracts and gain / loss on settlement / cancellation / roll over of derivative contracts is recorded in statement of profit and loss.

#### Interest rate risk

The Company is exposed to changes in market interest rates due to financing, investing and cash management activities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company enters into interest rate swap contracts or interest rate future contracts to manage its exposure to changes in the underlying benchmark interest rates.

#### Foreign currency risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into currency swap for converting INR loan into other foreign currency for taking advantage of lower cost of borrowing in stable currency environment. The Company also enters into various foreign exchange contracts to mitigate the risk arising out of foreign exchange rate movement on foreign currency borrowings or trade payables. Further, to hedge foreign currency future transactions in respect of which firm commitment are made or which are highly probable forecast transactions (for instance, foreign exchange denominated income) the Company has entered into foreign currency forward contracts as per the policy of the Company.

#### Equity price risk

The Company's non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

#### 31 Earnings per share

	March 31, 2017	March 31, 2016
	Amt in ₹	Amt in ₹
Profit attributable to equity shareholders of the company	1,16,42,759	(4,19,70,471)
Weighted average number of equity shares	1,31,35,000	1,31,35,000
Face value per share (in ₹)	10	10
Basic and Diluted earning per share (in ₹)	0.89	(3.20)

**MPSEZ Utilities Private Limited**

**Notes to Financials statements for the year ended March 31, 2017**

**32 Capital commitments**

Particulars	Amt in ₹	
	March 31, 2017	March 31, 2016
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	4,10,30,645	17,52,35,522

**33 Contingent liabilities not provided for**

Particulars	Amt in ₹	
	March 31, 2017	March 31, 2016
Contingent liabilities not provided for	Nil	Nil

**34 Segment information**

The Company is primarily engaged in the business of providing facility of distribution of electricity, effluent & sewage facilities . The entire business has been considered as a single segment in terms of Ind AS - 108 on Segment Reporting issued by the Institute of Chartered Accountants of India. There being no business outside India, the entire business has been considered as single geographic segment.

**35 Disclosures as required by Ind AS - 19 Employee Benefits**

The company has a defined gratuity plan. Under the plan every employee who has completed at least five year of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Company of India (LIC) in form of a qualifying insurance policy.

The following tables summarise the component of the net benefits expense recognised in the statement of profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plan.

**Gratuity**

**a) Changes in present value of the defined benefit obligation are as follows:**

Particulars	Amt in ₹	
	March 31, 2017	March 31, 2016
Present value of the defined benefit obligation at the beginning of the year	24,31,380	20,24,941
Current service cost	4,73,804	4,21,661
Interest cost	1,91,942	1,61,529
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	(6,63,847)	2,23,196
- experience variance	1,08,114	(3,99,947)
Benefits paid	(1,65,658)	-
Acquisition adjustment	(3,22,159)	-
Present value of the defined benefit obligation at the end of the year	<b>20,53,576</b>	<b>24,31,380</b>

**b) Changes in fair value of plan assets are as follows:**

Particulars	Amt in ₹	
	March 31, 2017	March 31, 2016
Fair value of plan assets at the beginning of the year	19,54,895	18,05,868
Investment income	1,54,326	1,44,054
Contributions by employer	19,156	19,089
Benefits paid	-	-
Return on plan assets , excluding amount recognised in net interest expense	(26,743)	(14,116)
Acquisition adjustment	-	-
Fair value of plan assets at the end of the year	<b>21,01,634</b>	<b>19,54,895</b>

**c) Net asset/(liability) recognised in the balance sheet**

Contribution to	Amt in ₹	
	March 31, 2017	March 31, 2016
Present value of the defined benefit obligation at the end of the year	20,53,576	24,31,380
Fair value of plan assets at the end of the year	21,01,634	19,54,895
Amount recognised in the balance sheet	48,058	(4,76,485)
Net (liability)/asset - Current	48,058	(21,201)
Net (liability)/asset - Non-current	-	(4,55,284)

**d) Expense recognised in the statement of profit and loss for the year**

Particulars	Amt in ₹	
	March 31, 2017	March 31, 2016
Current service cost	4,73,804	4,21,661
Interest cost on benefit obligation	37,616	17,475
Total Expense included in employee benefits expense	<b>5,11,420</b>	<b>4,39,136</b>

**MPSEZ Utilities Private Limited**

**Notes to Financials statements for the year ended March 31, 2017**

**e) Recognised in the other comprehensive income for the year**

**Amt in ₹**

Particulars	March 31, 2017	March 31, 2016
Actuarial (gain)/losses arising from		
- change in demographic assumptions		
- change in financial assumptions	(6,63,847)	2,23,196
- experience variance	1,08,114	(3,99,947)
Return on plan assets, excluding amount recognised in net interest expense	26,743	14,116
<b>Recognised in comprehensive income</b>	<b>(5,28,990)</b>	<b>(1,62,635)</b>

**f) Maturity profile of Defined Benefit Obligation**

**Amt in ₹**

Particulars	March 31, 2017	March 31, 2016
Weighted average duration (based on discounted cash flows)	17 Years	18 Years

**g) Quantitative sensitivity analysis for significant assumption is as below**

**Increase/(decrease) on present value of defined benefits obligation at the end of the year**

Particulars	March 31, 2017		March 31, 2016	
	Discount rate			
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
	Amt in ₹	Amt in ₹	Amt in ₹	Amt in ₹
Impact on defined benefit obligations	(3,01,119)	3,67,634	(3,82,776)	4,72,250

Particulars	March 31, 2017		March 31, 2016	
	Salary Growth rate			
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
	Amt in ₹	Amt in ₹	Amt in ₹	Amt in ₹
Impact on defined benefit obligations	3,66,130	(3,05,227)	4,62,259	(3,82,457)

Particulars	March 31, 2017		March 31, 2016	
	Attrition rate			
Sensitivity level	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease
	Amt in ₹	Amt in ₹	Amt in ₹	Amt in ₹
Impact on defined benefit obligations	3,083	(3,638)	(45,728)	48,302

Particulars	March 31, 2017		March 31, 2016	
	Mortality rate			
Sensitivity level	0.1% Increase	0.1% Decrease	0.1% Increase	0.1% Decrease
	Amt in ₹	Amt in ₹	Amt in ₹	Amt in ₹
Impact on defined benefit obligations	620	(623)	(1,160)	1,166

**Sensitivity Analysis Method**

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**h)The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

Particulars	March 31, 2017	March 31, 2016
Investments with insurer	100%	100%

The company expects to contribute ₹ 3,30,343 to gratuity fund in the next year. ( Previous year ₹ 19,089)

\* As the gratuity fund is managed by life insurance company, details of fund invested by insurer are not available with company.

**i)The principle assumptions used in determining gratuity obligations are as follows:**

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate	7.90%	7.90%	8.70%
Rate of escalation in salary (per annum)	7.00%	9.00%	8.50%
Mortality	Indian assured mortality table 2006-08	Indian assured mortality table 2006-08	Indian assured mortality table 2006-08
Attrition rate	10% for 4 years & below and 1% thereafter	10% for 4 years & below and 1% thereafter	10% for 5 years & below 1% thereafter

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

### 36 MPSEZ UTILITIES PRIVATE LIMITED

Notes to the financial statements for the year ended Mar 31,2017

#### Related Party Disclosures

Holding Company	Adani Ports and Special Economic Zone Limited
Fellow Subsidiary	Mundra SEZ Textile and Apparel Park Private Limited
	Adani Hazira Private Limited
	Adani Hospital Mundra Private Limited
	Adani Petronet (Dahej) Port Private Limited
Entities over which key management personnel, Directors and their relatives are able to exercise significant influence	Adani Willmar Limited
	Adani Power Limited
	Adani Foundation
	Adani Enterprise Limited
	Udupi Power Corporation Limited
	Mundra Solar Pv Limited
Key Management Personnel	Mundra Solar Techno Park Private Limited
	Manoj Chanduka
	Mr. Amit Uplenchwar
	Paresh Patel
	Mr Mehul Rupera ( up to 31.03.2015)

#### Detail of Related Party Transactions for the period ended March 31, 2017

Category	Name of Related Party	March 31, 2017	March 31, 2016
Sale of Power	Adani Ports and Special Economic Zone Limited	62,11,86,276	69,16,73,877
	Mundra Solar Technopark Private Limited	56,49,666	-
	Mundra Solar Pv Limited	1,01,45,428	-
	Mundra SEZ Textile and Apparel Park Private Limited	6,39,335	5,61,630
	Adani Power Limited	-	1,61,06,477
	Adani Petronet (Dahej) Port Private Limited	-	3,30,09,865
Purchase of Power	Adani Power Limited	83,35,68,506	97,64,85,709
	Udupi Power Corporation Limited	18,24,71,954	-
	Adani Enterprise Limited	6,31,74,029	4,74,92,889
Rendering of Services( Including reimbursement)	Adani Ports and Special Economic Zone Limited	2,34,691	2,37,023
	Mundra SEZ Textile and Apparel Park Private Limited	68,887	33,335
	Mundra Solar Technopark Private Limited	22,542	1,89,943
	Mundra Solar Pv Limited	77,129	-
Services Availed( Including reimbursement)	Adani Enterprise Limited	58,32,763	10,90,377
	Adani Ports and Special Economic Zone Limited	23,67,399	36,56,050
	Adani Petronet (Dahej) Port Private Limited	-	25,000
Interest Expense	Adani Ports and Special Economic Zone Limited	29,885	4,16,693
Interest Income	Adani Skill Development Centre Private Limited	90,740	-
Rent Expense	Adani Ports and Special Economic Zone Limited	2,81,66,098	12,75,000
	Mundra SEZ Textile and Apparel Park Private Limited	2,33,266	2,73,063
Infrastructure usage charges	Adani Ports and Special Economic Zone Limited	-	2,23,13,912
Purchase of Capital Goods	Adani Hazira Port Pvt Limited	70,888	-
	Adani Ports and Special Economic Zone Limited	-	5,07,869
Sale of Inventory	Adani Ports and Special Economic Zone Limited	-	35,69,415
Donation	Adani Foundation	14,00,000	-
Loan taken	Adani Ports and Special Economic Zone Limited	7,22,00,000	23,06,50,000
Loan Repaid	Adani Ports and Special Economic Zone Limited	5,62,00,000	23,19,50,000
Loan Given	Adani Skill Development Centre Private Limited	40,00,000	-
Service Line Contribution Received	Mundra Solar Technopark Private Limited	-	84,87,373
Security Deposite Received	Mundra Solar Technopark Private Limited	-	16,80,120

#### Closing Balances

Category	Name of Related Party	Amt in ₹		
		March 31, 2017	March 31, 2016	April 01, 2015
Trade Receivables	Adani Ports and Special Economic Zone Limited	33,799	42,52,827	-
	Mundra Solar Technopark Private Limited	14,01,151	-	-
	Mundra Solar Pv Limited	91,49,348	-	-
Loans and Advances	Adani Ports and Special Economic Zone Limited	78,360	3,960	-
	Adani Power Limited	9,58,01,006	-	-
	Adani Logistics Limited	60,000	-	-
	Adani Skill Development Centre Private Limited	40,00,000	-	-
	Udupi Power Corporation Limited	-	-	-
Other Current Assets	Adani Ports and Special Economic Zone Limited	4,68,19,088	5,70,27,205	5,90,26,063
	Mundra SEZ Textile and Apparel Park Private Limited	64,640	62,417	59,076
	Adani Petronet (Dahej) Port Private Limited	-	26,57,302	-
	Mundra Solar Technopark Private Limited	23,64,313	-	-
	Mundra Solar Pv Limited	1,02,22,557	-	-
	Adani Skill Development Centre Private Limited	81,666	-	-
Capital Advances	Adani Power Limited	-	-	19,29,936
Trade Payables	Adani Mundra Sez Infrastructure Private Limited	13,80,00,000	13,80,00,000	-
	Adani Hospital Private Limited	-	-	49,068
	Adani Enterprise Limited	57,17,321	2,31,849	-
	Adani Ports and Special Economic Zone Limited	21,23,271	3,42,596	22,129
	Mundra SEZ Textile and Apparel Park Private Limited	59,619	1,23,713	-
	Adani Renewable Energy Park Rajasthan Ltd	2,40,755	-	-
	Adani Wilmar Limited	54,889	-	-
Inter Corporate Deposit (taken)	Adani Power Limited	10,74,32,470	8,22,28,681	7,38,84,599
Advances from Customer	Adani Ports and Special Economic Zone Limited	1,60,21,008	-	13,00,000
Other Current Liabilities	Adani Ports and Special Economic Zone Limited	86,495	4,793	-
	Adani Ports and Special Economic Zone Limited	65,342	2,970	-
	Mundra Solar Technopark Private Limited	-	16,80,120	-
	Mundra SEZ Textile and Apparel Park Private Limited	1,06,712	1,06,712	1,69,830
Remuneration	Adani Hazira Port Pvt Limited	810	-	-
	Mr Mehul Rupera	-	-	23,92,140

**MPSEZ Utilities Private Limited****Notes to Financials statements for the year ended March 31, 2017**

37 Management represents that, based on the information available, the company has not been informed by any supplier of being covered under the Micro, Small and Medium Enterprises Development Act 2006. As a result, no interest provision or payments have been made by the Company to such suppliers, if any and no related disclosures are made in these accounts.

38 The company is engaged in the business of distribution of power. Quantitative information in respect of purchase and sale of power are as under.

Sr No	Particulars	2016-17 (Unit in Mus)	2015-16 (Unit in Mus)
1	Unit Purchased	189.62	183.28
2	Unscheduled interchange (UI) Purchased	16.91	17.89
3	Third Party Sale	0	(8.37)
4	Total Units Purchased	206.53	192.80
5	Unit Sold	198.67	184.76
6	Transmission & Distribution Losses	7.86	8.04
7	Transmission & Distribution Losses (%)	3.81%	4.17%

39 As per directives of Gujarat Electricity Regulatory Commission with respect to Renewable Purchase Obligation (RPO) to be adhered by the company during the current financial year, company has fulfilled the RPO obligation for the financial years 2014-15 & 2016-17 aggregating to Rs.631.74 lacs. The cost of such obligation is included in Cost of Power Purchased in Note- 23.

40 Based on the future projections of profitability as well as deduction available under section 80IA of Income Tax Act, 1961, in the opinion of the management of the company, there does not exist reasonable certainty that the company will have to pay taxes as per the normal rates within the specified period in section 115JAA of Income Tax Act, 1961. Therefore, in accordance with "Guidance Note on accounting for credit available in respect of minimum alternate tax under Income Tax Act, 1961" issued by Institute of Chartered Accountants of India, MAT credit receivable by the company has not been recognised as an asset.

41 Details of Income & Expenses for the Common Effluent Treatment (CETP) Service rendered during the year are as under

Particulars	Amt in ₹	
	For the year March 31, 2017 Amt in ₹	For the year ended March 31, 2016 Amt in ₹
<b>Income</b>	50,18,770	51,99,732
<b>Expenses</b>		
Employee benefits expenses	7,33,217	5,65,906
Electricity Expense	6,53,778	7,35,023
Other Expense	23,14,379	19,45,045
<b>Total Expenditure</b>	<b>37,01,374</b>	<b>32,45,974</b>

42 In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the company from April 1, 2017.

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The company will incorporate the disclosure in Financial statements for the year ended 31st March 2018.

**43 Approval of financial statements**

The financial statements were approved for issue by the board of directors on 29, April, 2017.

The accompanying notes form an integral part of financials statements  
As per our report of even date

**For SHAH & SHAH ASSOCIATES**  
ICAI Firm Registration No.: 113742W  
Chartered Accountants

**For and on behalf of Board of Directors of**  
**MPSEZ Utilities Private Limited**

**BHARAT A. SHAH**  
Partner  
Membership No. 30167

**Amit Uplenchwar**  
Managing Director  
DIN: 06862760

**Mukesh Saxena**  
Director  
DIN: 07337179

**Manoj Chanduka**  
Chief Financial Officer

**Pareesh Patel**  
Company Secretary

Place: Ahmedabad  
Date: April 29, 2017

Place: Ahmedabad  
Date: April 29, 2017