

## **INDEPENDENT AUDITOR'S REPORT**

To,  
The Members of  
**MPSEZ Utilities Private Limited**

### **Report on the 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 31st March, 2018, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors are 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 including other comprehensive income, cash flows and the statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 of the standalone Ind AS financial statements in accordance with the Standards on Auditing issued by Institute of Chartered Accountant of India as 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 disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's 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 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2018, and its profit including other comprehensive income, its cash flows and the statement of changes in equity for the year ended on that date.

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

1 As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the 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 accounts 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 including Other Comprehensive Income, the statement of cash flows and statement of changes in equity 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, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B” to this report;
  - g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to our best of our information and according to the explanations given to us :
    - i. The Company did not have any pending litigations.
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**FOR G. K. CHOKSI & CO.**  
[Firm Registration No. 101895W]  
*Chartered Accountants*

Place : Ahmedabad  
Date : April 28, 2018

**SANDIP PARIKH**  
*Partner*  
Membership No. 040727

## **ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and its situation.  
(b) The Company has a regular programme for physical verification, in a phased periodic manner, which in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property are held in the name of the Company.
- (ii) As explained to us, the Management of the Company has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to information and explanation given to us the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, Investment, guarantees and security.
- (v) According to information and explanation given to us the Company has not accepted any deposits as defined in The Companies (Acceptance of Deposits) Rules 2014. Accordingly, reporting under Clause 3 (v) of the order is not applicable to the Company.
- (vi) The Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books

of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, employee state insurance, service tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise and custom.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, sales tax, value added tax, employee state insurance, service tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.
  - (c) According to information and explanations given to us, the Company has no disputed outstanding statutory dues as at 31<sup>st</sup> March, 2018.
- (viii) In our opinion and according to information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.
- (ix) In our opinion and according to information and explanations given to us the term loan have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid provided any managerial remuneration. Accordingly reporting under clause 3 (xi) of the order is not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly reporting under clause 3 (xii) of the order is not applicable to the Company.

- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Act where applicable for all transactions with related parties and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and therefore, the reporting under clause 3 (xiv) of the order is not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into non-cash transactions with directors or directors of its holding, subsidiary or associate Company or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the reporting under clause 3 (xvi) of the order is not applicable to the company.

**FOR G. K. CHOKSI & CO.**

[Firm Registration No. 101895W]

*Chartered Accountants*

**SANDIP PARIKH**

*Partner*

Membership. No. 040727

Place : Ahmedabad

Date : April 28, 2018

## **ANNEXURE -B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

### **Report on the Internal Financial Controls over financial reporting 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 31<sup>st</sup> March, 2018 in conjunction with our audit of 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 auditor's 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 and to the best of our information and according to the explanations given to us, 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 31<sup>st</sup> March, 2018, 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 G. K. CHOKSI & CO.**

[Firm Registration No.101895W]

*Chartered Accountants*

Place : Ahmedabad

Date : April 28, 2018

**SANDIP PARIKH**

*Partner*

Membership. No. 040727

**MPSEZ Utilities Private Limited**  
**Balance Sheet as at March 31, 2018**

Particulars	Notes	Amt in `	
		As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	61,24,78,620	63,07,39,996
Capital work-in-progress	3	15,62,32,812	15,28,16,104
Other financial assets	4	3,960	3,960
Deferred tax assets (net)	5	2,12,559	-
Other non-current assets	6	14,11,75,879	14,26,45,870
		<b>91,01,03,830</b>	<b>92,62,05,930</b>
<b>Current assets</b>			
Inventories	7	12,49,493	11,59,432
<b>Financial assets</b>			
Investments	8	57,71,161	38,13,233
Trade receivables	9	2,76,95,089	1,57,67,042
Cash and cash equivalents	10	11,34,34,590	5,18,195
Bank balance other than cash and cash equivalents	11	32,851	30,550
Loans	12	-	40,00,000
Other current financial assets	4	5,64,400	7,68,066
Other current assets	6	14,04,80,771	11,04,85,598
		<b>28,92,28,355</b>	<b>13,65,42,116</b>
<b>Total assets</b>		<b>1,19,93,32,185</b>	<b>1,06,27,48,046</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	13	13,13,50,000	13,13,50,000
Other equity	14	65,77,61,298	52,61,83,130
<b>Total equity</b>		<b>78,91,11,298</b>	<b>65,75,33,130</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	15	10,00,000	1,80,00,000
Other financial liabilities	16	2,12,17,130	2,46,76,774
Provisions	17	14,41,873	14,48,200
Deferred tax liabilities (net)	5	-	3,19,15,593
Other non-current liabilities	18	27,78,97,741	26,02,18,834
		<b>30,15,56,744</b>	<b>33,62,59,401</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	19	6,52,94,646	4,80,34,688
Other financial liabilities	16	2,16,98,595	1,60,03,005
Other current liabilities	18	1,46,98,795	46,54,589
Provisions	17	3,46,507	2,63,233
Provisions for current tax (net)	20	66,25,600	-
		<b>10,86,64,143</b>	<b>6,89,55,515</b>
<b>Total liabilities</b>		<b>41,02,20,887</b>	<b>40,52,14,916</b>
<b>Total equity and liabilities</b>		<b>1,19,93,32,185</b>	<b>1,06,27,48,046</b>
<b>Summary of significant accounting policies</b>	2.3		

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

For G.K. CHOKSI & CO.  
Firm Registration No.: 101895W  
Chartered Accountants

For and on behalf of Board of Directors

SANDIP A. PARIKH  
Partner  
Membership No. 040727

Jai Khurana  
Managing Director  
DIN: 05140233

Mukesh Saxena  
Director  
DIN: 07337179

Manoj Chanduka  
Chief Financial Officer

Paresh Patel  
Company Secretary

Place: Ahmedabad  
Date: April 28, 2018

Place: Ahmedabad  
Date: April 28, 2018

**MPSEZ Utilities Private Limited**  
**Statement of Profit and Loss for the year ended 31st March, 2018**

Particulars	Notes	Amt in `	
		For the year ended March 31, 2018	For the year ended March 31, 2017
<b>INCOME</b>			
Revenue from operations	21	1,55,35,80,374	1,22,67,97,082
Other income	22	5,65,82,511	68,15,264
<b>Total income</b>		<b>1,61,01,62,885</b>	<b>1,23,36,12,346</b>
<b>EXPENSES</b>			
Operating expenses	23	1,29,81,07,474	1,10,06,52,109
Employee benefits expense	24	2,12,07,636	2,48,20,567
Depreciation and amortization expense	3	4,56,54,486	4,58,84,309
Finance costs	25	5,06,26,427	20,65,128
Other expenses	26	6,71,50,256	5,49,90,328
<b>Total expense</b>		<b>1,48,27,46,279</b>	<b>1,22,84,12,441</b>
<b>Profit before exceptional items and tax</b>		<b>12,74,16,606</b>	<b>51,99,905</b>
Exceptional items		-	-
<b>Profit before tax</b>		<b>12,74,16,606</b>	<b>51,99,905</b>
<b>Tax expense:</b>			
Current tax	27	2,81,85,880	12,48,817
Adjustment of tax relating to earlier periods		(1,32,026)	-
Deferred tax		(54,43,550)	(76,91,671)
MAT credit entitlement		(2,67,09,908)	-
<b>Income tax expenses</b>		<b>(40,99,604)</b>	<b>(64,42,854)</b>
<b>Profit for the year</b>		<b>13,15,16,210</b>	<b>1,16,42,759</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		87,265	5,28,990
Income tax effect	27	(25,307)	(1,83,073)
<b>Other comprehensive Income for the year</b>		<b>61,958</b>	<b>3,45,917</b>
<b>Total comprehensive Income for the year</b>		<b>13,15,78,168</b>	<b>1,19,88,676</b>
<b>Earning per share - (Face value of ` 10 each)</b>			
<b>Basic and Diluted (in `)</b>	31	<b>10.01</b>	<b>0.89</b>
<b>Summary of Significant accounting policies</b>	2.3		

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

For G.K. CHOKSI & CO.  
Firm Registration No.: 101895W  
Chartered Accountants

For and on behalf of Board of Directors of

**SANDIP A. PARIKH**  
Partner  
Membership No. 040727

**Jai Khurana**  
Managing Director  
DIN: 05140233

**Mukesh Saxena**  
Director  
DIN: 07337179

**Manoj Chanduka**  
Chief Financial Officer

**Paresh Patel**  
Company Secretary

Place: Ahmedabad  
Date: April 28, 2018

Place: Ahmedabad  
Date: April 28, 2018

**MPSEZ Utilities Private Limited**  
**Statement of changes in equity for the year ended March 31, 2018**

Amt in `

Particulars	Equity share capital	Other equity		Total
		Share premium	Reserves and surplus	
			Retained earning	
Balance as on April 01, 2016	13,13,50,000	39,37,50,000	12,04,44,454	64,55,44,454
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>1,19,88,676</b>	<b>1,19,88,676</b>
Balance as on March 31, 2017	13,13,50,000	39,37,50,000	13,24,33,130	65,75,33,130
Profit for the year	-	-	13,15,16,210	13,15,16,210
Other comprehensive income	-	-	61,958	61,958
<b>Total comprehensive income for the year</b>	-	-	<b>13,15,78,168</b>	<b>13,15,78,168</b>
Balance as on March 31, 2018	13,13,50,000	39,37,50,000	26,40,11,298	78,91,11,298

As per our report of even date

For G.K. CHOKSI & CO.  
Firm Registration No.: 101895W  
Chartered Accountants

For and on behalf of Board of Directors of

**SANDIP A. PARIKH**  
Partner  
Membership No. 040727

**Jai Khurana**  
Managing Director  
DIN: 05140233

**Mukesh Saxena**  
Director  
DIN: 07337179

**Manoj Chanduka**  
Chief Financial Officer

**Paresh Patel**  
Company Secretary

Place: Ahmedabad  
Date: April 28, 2018

Place: Ahmedabad  
Date: April 28, 2018

**MPSEZ Utilities Private Limited**  
**Statement of Cash Flows for the year ended March 31, 2018**

Amt in `

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flow from operating activities</b>		
<b>Net profit before tax</b>	12,74,16,606	51,99,905
Adjustments for:		
Depreciation and amortisation	4,56,54,486	4,58,84,309
Provision for doubtful debts	45,48,122	-
Amortisations of service line contributions	(1,64,27,739)	(1,25,07,236)
Interest income	(4,72,49,863)	(2,615)
Income from dividend	-	(22,242)
Net (gain)/loss on sale of current investments	(38,19,242)	(62,93,292)
Interest expense	4,94,73,715	4,49,898
<b>Operating profit before working capital changes</b>	<b>15,95,96,085</b>	<b>3,27,08,727</b>
Movements in working capital :		
(Increase)/ Decrease in trade receivables	(1,64,76,169)	(95,64,122)
(Increase)/ Decrease in inventories	(90,061)	11,13,162
(Increase)/ Decrease in financial assets	1,22,000	3,48,762
(Increase)/ Decrease in other assets	(2,99,95,173)	(28,32,470)
Increase/ (Decrease) in trade payables	1,72,59,958	(8,03,71,727)
Increase/ (Decrease) in other liabilities	4,41,50,854	10,88,09,935
Increase/ (Decrease) in provisions	1,64,212	(1,79,399)
Increase/ (Decrease) in financial liabilities	(34,59,644)	(76,66,173)
<b>Cash generated from operations</b>	<b>17,12,72,061</b>	<b>4,23,66,695</b>
Direct taxes paid (net of refunds)	(2,14,11,605)	(28,48,504)
<b>Net cash flow from operating activities (A)</b>	<b>14,98,60,456</b>	<b>3,95,18,191</b>
<b>Cash flows from investing activities</b>		
Purchase of Property plant & equipment (Including capital work In progress and capital advances)	(2,32,61,386)	(13,73,21,409)
Inter corporate deposit / loans given	(2,00,50,00,000)	(40,00,000)
Inter corporate deposit / loans received back	2,00,90,00,000	-
Interest received/ (paid)	4,73,31,529	(79,051)
(Purchase)/sale of investment in mutual fund (net)	18,61,314	8,75,64,251
Income from dividend	-	22,242
(Deposit)/realisation of margin money	(2,301)	(2,615)
<b>Net cash inflow/ (outflow) investing activities (B)</b>	<b>2,99,29,156</b>	<b>(5,38,16,582)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	(10,00,000)	(10,00,000)
Proceeds from inter corporate deposit	2,66,77,50,000	7,22,00,000
Repayment of inter corporate deposit	(2,68,37,50,000)	(5,62,00,000)
Interest paid	(4,98,73,217)	(11,27,627)
<b>Net cash inflow/ (outflow) financing activities (C)</b>	<b>(6,68,73,217)</b>	<b>1,38,72,373</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents (A + B + C)</b>	<b>11,29,16,395</b>	<b>(4,26,018)</b>
Cash and cash equivalents at the beginning of the year	5,18,195	9,44,213
<b>Cash and cash equivalents at the end of the year (Refer note-10)</b>	<b>11,34,34,590</b>	<b>5,18,195</b>

**Notes:**

Component of cash and cash equivalents

Cash on hand

Balances with scheduled bank

On current accounts

**Total cash and cash equivalents**

-	-
11,34,34,590	5,18,195
<b>11,34,34,590</b>	<b>5,18,195</b>

Margin money deposits (restricted cash)

Summary of significant accounting policies 2.3

32,851 30,550

(1) The Cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 on Cash Flow Statements notified under section 133 of The Companies Act, 2013, read together with paragraph 7 of the Companies (Indian Accounting Standard) Rules, 2015 (as amended).

(2) Disclosure required under Para 44A as set out in Ind AS 7 on cash flow statements under Companies (Indian Accounting Standards) Rules, 2017 (as amended) is presented in note - 40

**As per our report of even date**

For G.K. CHOKSI & CO.  
Firm Registration No.: 101895W  
Chartered Accountants

For and on behalf of Board of Directors of

SANDIP A. PARIKH  
Partner  
Membership No. 040727

Jai Khurana                      Mukesh Saxena  
Managing Director              Director  
DIN: 05140233                      DIN: 07337179

Manoj Chanduka                  Paresh Patel  
Chief Financial Officer          Company Secretary

Place: Ahmedabad  
Date: April 28, 2018

Place: Ahmedabad  
Date: April 28, 2018

**1 Corporate information**

The financial statements comprise financial statements of MPSEZ Utilities Private Limited (the "Company, MUPL") for the year ended March 31, 2018. The Company is a private limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It is 100% Subsidiary company of Adani Ports and Special Economic Zone Limited (APSEZL), incorporated on 13<sup>th</sup> July, 2007 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. The registered office of the Company is located at "Adani House", Mithakhali Six Roads, Navrangpura, Ahmedabad-380009, Gujarat, INDIA.

**2.1 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 (as amended).

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.

The financial statements are presented in Indian rupees (INR) and all values are rounded to the nearest rupees, except numbers.

**2.2 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 on 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.

**The significant estimates and judgements are listed below:**

- (i) 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.
- (ii) Judgements by actuaries in respect of discount rates, future salary increments, mortality rates and inflation rate used for computation of defined benefit liability.
- (iii) Significant judgement is required in assessing at each reporting date whether there is indication that an asset may be impaired.
- (iv) The impairment provision for financial assets are based on the assumptions about risk of default and expected loss rates. The company uses judgements in making the assumptions and selecting the inputs to the impairment calculations, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.
- (v) Significant judgement is required in assessing at each reporting date whether there is indication that an asset may be impaired.
- (vi) Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**2.3 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.
- Stores and Spares which do not meet the definition of property, plant and equipment are accounted as inventories.
- Net Realizable Value in respect of store and spares is the estimated current procurement price in the ordinary course of the business.

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**c) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprises 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)**

Property, plant and equipment (including capital work in progress) is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, directly and indirectly attributable costs arising directly from the development of the asset / project to its working condition for the intended use. 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.

For all periods up to and including the year ended 31 March 2017, Service line contribution received from consumers towards unconnected lines are recognised under other current financial liabilities till such lines are fully commissioned. When the lines are fully commissioned and capitalised in books, such contribution received is recognised in carrying value of such lines from the block of property, plant and equipment. The company during the year has changed its presentation and elected to present the service lines contribution as deferred revenue under the head of non-current liabilities. Further, hitherto, the company presented depreciation charge on such assets as net of amortisation on such contribution being capitalised, consequent to change in presentation, of such service line contribution, the depreciation is presented on gross and amortisation of such line is being presented as other operating income.

**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 infinite 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.

**i) Sale of power**

Revenue from power supply and distribution charges are accounted for on the basis of billings to consumers and in accordance with tariff orders issued by Gujarat Electricity Regulatory Commission. Revenue recognized in excess of billing has been reflected under "other current assets" as unbilled revenue.

Further, in view of the uncertainties involved in the recoverability, the quarterly Fuel and Power Purchase Price Adjustment ("FPPPA") claims are accounted for as and when allowed by the regulatory authorities and truing up adjustments claims are accounted for as and when billed to the consumers.

**ii) Service line contribution**

Contributions by consumers towards items of property, plant and equipment, which require an obligation to provide electricity connectivity to the consumers, are recognised as a credit to deferred revenue. Such revenue is recognised over the useful life of the property, plant and equipment.

**iii) Dividend**

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

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**iv) 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 company's functional currency. The Company determines the functional currency and items included in the financial statements 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) Translation**

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**iii) Exchange differences**

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

**h) Employees retirement benefits**

All employee benefits payable wholly within 12 months rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

**i) Provident fund**

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.

**ii) Gratuity fund**

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.

**iii) Compensated absences**

Provision for compensated absence is determined using the projected unit credit method with actuarial valuation being carried out at each balance sheet date. 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.

**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**

The Chief Operational Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

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. Therefore, the segment revenue, results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statement.

**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.

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

**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.

The Company is eligible and claiming tax deductions available under section 80IA of the Income Tax Act, 1961. In view of Company availing tax deduction under Section 80IA 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.

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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, contingent liabilities and contingent assets**

**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.

**Contingent liabilities and contingent assets**

Contingent liabilities is disclosed in the case of :

a present obligation arising from past events, when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

a present obligation arising from past events, when no reliable estimate can be made.

a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments includes the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**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.

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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.

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 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. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. It is broadly classified in financial assets, financial liabilities, derivatives & equity.

**(A) 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).

**i) 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.

**ii) Debt instrument at FVTOCI**

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has not classified any financial asset into this category.

**iii) 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.

**(B) 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 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.

**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) 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 (expense) / income 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**

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.

**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.

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.

## **MPSEZ Utilities Private Limited**

### **Notes to financials statements for the year ended March 31, 2018**

#### **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.

#### **Reclassification of financial instruments**

After initial recognition, no reclassification is made for financial assets which are equity instruments. For financial assets, which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in the business model.

#### **Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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MPSEZ Utilities Private Limited  
Notes to Financials statements for the year ended March 31, 2018  
Note 3 - Property, plant and equipment

Amt in `

Particulars	Leasehold land	Building	Plant & machinery	Furniture & fixtures	Office equipments	Computer Hardware	Vehicles	Total	Capital work in progress
<b>Cost</b>									
As at April 1, 2016	5,39,72,951	2,10,38,381	62,37,81,321	1,27,169	-	86,816	1,90,193	69,91,96,831	3,04,22,008
Additions	-	-	2,24,69,916	-	-	-	-	2,24,69,916	14,48,64,012
Deductions/(Adjustment)	-	-	-	-	-	-	-	-	(2,24,69,916)
As at March 31, 2017	5,39,72,951	2,10,38,381	64,62,51,237	1,27,169	-	86,816	1,90,193	72,16,66,747	15,28,16,104
Additions	-	-	2,73,33,110	-	60,000	-	-	2,73,93,110	3,08,09,818
Deductions/(Adjustment)	-	-	-	-	-	-	-	-	(2,73,93,110)
As at March 31, 2018	5,39,72,951	2,10,38,381	67,35,84,347	1,27,169	60,000	86,816	1,90,193	74,90,59,857	15,62,32,812
<b>Depreciation and Impairment</b>									
As at April 1, 2016	21,29,250	8,32,709	4,20,28,055	9,331	-	22,183	20,915	4,50,42,443	-
Depreciation for the year	21,29,250	8,32,708	4,28,78,136	10,143	-	13,156	20,915	4,58,84,308	-
Deductions/(Adjustment)	-	-	-	-	-	-	-	-	-
As at March 31, 2017	42,58,500	16,65,417	8,49,06,191	19,474	-	35,339	41,830	9,09,26,751	-
Depreciation for the year	21,29,250	8,32,709	4,26,44,517	10,143	3,797	13,155	20,915	4,56,54,486	-
Deductions/(Adjustment)	-	-	-	-	-	-	-	-	-
As at March 31, 2018	63,87,750	24,98,126	12,75,50,708	29,617	3,797	48,494	62,745	13,65,81,237	-
<b>Net Block</b>									
As at March 31, 2018	4,75,85,201	1,85,40,255	54,60,33,639	97,552	56,203	38,322	1,27,448	61,24,78,620	-
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	63,07,39,996	-

**MPSEZ Utilities Private Limited**  
**Notes to financials statements for the year ended March 31, 2018**

4 Other financial assets	March 31,2018 Amt in `	March 31, 2017 Amt in `
<b><u>Non-current</u></b>		
Security and other deposits	3,960	3,960
	<b>3,960</b>	<b>3,960</b>
<b><u>Current</u></b>		
Security and other deposits	74,400	74,400
Interest accrued on deposits and loans	-	81,666
Loans and advance to employees	4,90,000	6,12,000
	<b>5,64,400</b>	<b>7,68,066</b>
<b>5 Deferred tax liabilities/Assets (net)</b>	<b>March 31,2018 Amt in `</b>	<b>March 31, 2017 Amt in `</b>
<b><u>Deferred tax assets</u></b>		
Tax credit entitlement under MAT	2,67,09,909	-
<b><u>Deferred tax liability</u></b>		
Deferred tax liabilities (net) (refer note -27)	(2,64,97,350)	(3,19,15,593)
<b>Deferred tax (liabilities) / assets (net)</b>	<b>2,12,559</b>	<b>(3,19,15,593)</b>
<b>6 Other assets</b>	<b>March 31,2018 Amt in `</b>	<b>March 31, 2017 Amt in `</b>
<b><u>Non current</u></b>		
<b>Capital advances</b>		
Secured, considered good	-	-
Unsecured, considered good		
To related parties (refer note - 36)	13,80,00,000	13,80,00,000
Others	1,67,314	16,20,656
<b>(A)</b>	<b>13,81,67,314</b>	<b>13,96,20,656</b>
<b>Others (Unsecured)</b>		
Advance income tax (net of provision for taxation)	30,08,565	30,25,214
<b>(B)</b>	<b>30,08,565</b>	<b>30,25,214</b>
<b>(A) + (B)</b>	<b>14,11,75,879</b>	<b>14,26,45,870</b>
<b><u>Current</u></b>		
<b>Advances recoverable in cash or in kind</b>		
Unsecured, considered good	99,84,080	3,82,114
<b>(A)</b>	<b>99,84,080</b>	<b>3,82,114</b>
<b>Others (Unsecured)</b>		
Prepaid expenses	85,412	-
Accrued revenue	12,98,48,753	10,83,65,829
Balances with statutory/ government authorities	3,98,160	16,89,597
Gratuity fund	1,64,366	48,058
<b>(B)</b>	<b>13,04,96,691</b>	<b>11,01,03,484</b>
<b>(A) + (B)</b>	<b>14,04,80,771</b>	<b>11,04,85,598</b>
<b>7 Inventories</b>	<b>March 31,2018 Amt in `</b>	<b>March 31, 2017 Amt in `</b>
Stores and spares	12,49,493	11,59,432
	<b>12,49,493</b>	<b>11,59,432</b>
<b>8 Investments</b>	<b>March 31, 2018 Amt in `</b>	<b>March 31, 2017 Amt in `</b>
<b><u>Current</u></b>		
<b>Financial assets at fair value through profit or loss (FVTPL)</b>		
<b>Unquoted mutual funds</b>		
22457.17 Units of ` 10 each in ICICI Prudential Liquidity - Direct Plan Growth	57,71,161	-
85663.86 Units of ` 10 each in JM High Liquidity Fund - Direct Plan Growth	-	38,13,233
	<b>57,71,161</b>	<b>38,13,233</b>
<b>9 Trade receivables</b>	<b>March 31, 2018 Amt in `</b>	<b>March 31, 2017 Amt in `</b>
<b><u>Current</u></b>		
<b>Trade receivables</b>		
Considered doubtful	2,76,95,089	1,57,67,042
	45,48,123	-
	3,22,43,212	1,57,67,042
Provision for doubtful debts	(45,48,123)	-
	2,76,95,089	1,57,67,042
	-	-
Other debts - considered good	<b>2,76,95,089</b>	<b>1,57,67,042</b>

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**MPSEZ Utilities Private Limited**  
**Notes to financials statements for the year ended March 31, 2018**

10 Cash and cash equivalents	March 31,2018 Amt in `	March 31, 2017 Amt in `
<b>Balances with banks:</b>		
Balance in current account	11,34,34,590	5,18,195
Cash on hand	-	-
	<b>11,34,34,590</b>	<b>5,18,195</b>
11 Bank balances other than cash and cash equivalents	March 31,2018 Amt in `	March 31, 2017 Amt in `
Margin money deposits	32,851	30,550
	<b>32,851</b>	<b>30,550</b>
12 Loans	March 31,2018 Amt in `	March 31, 2017 Amt in `
<b>Current</b>		
Loans to related parties (refer note - 36)	-	40,00,000
	<b>-</b>	<b>40,00,000</b>
13 Share capital	March 31,2018 Amt in `	March 31, 2017 Amt in `
<b>Authorised</b>		
1,31,50,000 Equity Shares of ` 10 each (1,31,50,000 Equity Shares of ` 10 each as at March 31, 2017)	13,15,00,000	13,15,00,000
	<b>13,15,00,000</b>	<b>13,15,00,000</b>
<b>Issued, subscribed and fully paid up shares</b>		
1,31,35,000 Equity Shares of ` 10 each (1,31,35,000 Equity Shares of ` 10 each as at March 31, 2017)	13,13,50,000	13,13,50,000
	<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, 2018		March 31, 2017	
	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	March 31, 2018 Amt in `	March 31, 2017 Amt in `
<b>Adani Ports and Special Economic Zone Limited, the holding company and its nominee</b>		
1,31,35,000 equity shares (Previous year 1,31,50,000) of ` 10 each	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 31,2018	March 31, 2017
Adani Ports and Special Economic Zone Limited, the holding company and its nominee	Nos	1,31,35,000	1,31,35,000
	% Holding	100.00%	100.00%

14 Other equity	March 31,2018 Amt in `	March 31, 2017 Amt in `
Share premium	(A) 39,37,50,000	39,37,50,000
Retained earnings		
Opening balances	13,24,33,130	12,04,44,454
Add :- Profit during the year	13,15,16,210	1,16,42,759
Add :- Other comprehensive income	61,958	3,45,917
	(B) 26,40,11,298	13,24,33,130
	(A+B) <b>65,77,61,298</b>	<b>52,61,83,130</b>

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**MPSEZ Utilities Private Limited**
**Notes to financial statements for the year ended March 31, 2018**
**15 Borrowings**
**Long term borrowings**
**Non-current**

Indian rupee loan from bank (refer notes a & b below)  
Inter corporate deposit (unsecured)

**Current maturities of long term borrowings**

Indian rupee loan from bank (refer notes a & b below)

**Total current borrowing**

Less: Amount shown under "other current financial liabilities" (refer note 16)

**Net current borrowing**
**The above amount includes**

Secured borrowings

Unsecured borrowings

**Total borrowings**

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Indian rupee loan from bank (refer notes a & b below)	10,00,000	20,00,000
Inter corporate deposit (unsecured)	-	1,60,00,000
	<b>10,00,000</b>	<b>1,80,00,000</b>
Indian rupee loan from bank (refer notes a & b below)	10,00,000	10,00,000
<b>Total current borrowing</b>	<b>10,00,000</b>	<b>10,00,000</b>
Less: Amount shown under "other current financial liabilities" (refer note 16)	(10,00,000)	(10,00,000)
<b>Net current borrowing</b>	<b>-</b>	<b>-</b>
Secured borrowings	20,00,000	30,00,000
Unsecured borrowings	-	1,60,00,000
<b>Total borrowings</b>	<b>20,00,000</b>	<b>1,90,00,000</b>

**Notes:**

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

(b)Term Loan from Bank are secured by way of hypothecation of plant and machinery of Company's transmission and distribution business.

**16 Other financial liabilities**
**Non-current**

Deposit from customers

**Current**

Current maturities of long term borrowings (refer note 15)

Interest accrued but not due on borrowings

Capital creditors, retention money and other payable

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Deposit from customers	2,12,17,130	2,46,76,774
	<b>2,12,17,130</b>	<b>2,46,76,774</b>
Current maturities of long term borrowings (refer note 15)	10,00,000	10,00,000
Interest accrued but not due on borrowings	10,77,254	14,76,754
Capital creditors, retention money and other payable	1,96,21,341	1,35,26,251
	<b>2,16,98,595</b>	<b>1,60,03,005</b>

**17 Provisions**
**Non-current**

Provision for compensated absences

**Current**

Provision for compensated absences

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Provision for compensated absences	14,41,873	14,48,200
	<b>14,41,873</b>	<b>14,48,200</b>
Provision for compensated absences	3,46,507	2,63,233
	<b>3,46,507</b>	<b>2,63,233</b>

**18 Other liabilities**
**Non current**

Deferred revenue - service line contributions from customers

**Current**

Statutory liability

Advance from customers

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Deferred revenue - service line contributions from customers	27,78,97,741	26,02,18,834
	<b>27,78,97,741</b>	<b>26,02,18,834</b>
Statutory liability	9,40,619	12,18,232
Advance from customers	1,37,58,176	34,36,357
	<b>1,46,98,795</b>	<b>46,54,589</b>

**19 Trade payables**

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

Others

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Payables to micro, small and medium enterprises (refer note 37)	-	-
Others	6,52,94,646	4,80,34,688
	<b>6,52,94,646</b>	<b>4,80,34,688</b>

**20 Provisions for current tax (net)**

Provision for income tax (net of advance tax)

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Provision for income tax (net of advance tax)	66,25,600	-
	<b>66,25,600</b>	<b>-</b>

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**MPSEZ Utilities Private Limited**  
**Notes to financials statements for the year ended March 31, 2018**

21 Revenue from operations	March 31,2018 Amt in `	March 31, 2017 Amt in `
Revenue from power sales	1,52,41,11,563	1,20,82,46,495
Other revenue related to power sales		
Meter rent	4,29,624	3,56,010
Miscellaneous income	70,92,743	6,68,571
Amortisations of service line contributions	1,64,27,739	1,25,07,236
Income from common effluent treatment services	55,18,705	50,18,770
	<b>1,55,35,80,374</b>	<b>1,22,67,97,082</b>
<b>22 Other income</b>	<b>March 31,2018 Amt in `</b>	<b>March 31, 2017 Amt in `</b>
<b>Interest income from</b>		
Bank	2,301	2,615
Income tax refund	20,890	-
Others	4,72,47,562	90,740
<b>Dividend on</b>		
Current investments	-	22,242
Profit on sale of Investment (mutual fund)	38,19,242	62,93,292
Miscellaneous Income	54,92,516	4,06,375
<b>Total other income</b>	<b>5,65,82,511</b>	<b>68,15,264</b>
<b>23 Operating expenses</b>	<b>March 31,2018 Amt in `</b>	<b>March 31, 2017 Amt in `</b>
Power purchase	1,25,65,34,794	1,08,10,40,113
Reactive energy charges	10,54,982	13,61,897
Unscheduled interchange charges	4,02,07,100	1,82,50,099
SLDC charges	3,10,598	-
	<b>1,29,81,07,474</b>	<b>1,10,06,52,109</b>
<b>24 Employee benefit expense</b>	<b>March 31,2018 Amt in `</b>	<b>March 31, 2017 Amt in `</b>
Salaries and wages	1,91,23,110	2,19,71,306
Contribution to provident and other funds	9,99,537	11,68,240
Gratuity (refer note 35)	3,30,783	5,11,420
Staff welfare expenses	7,54,206	11,69,601
	<b>2,12,07,636</b>	<b>2,48,20,567</b>
<b>25 Finance costs</b>	<b>March 31,2018 Amt in `</b>	<b>March 31, 2017 Amt in `</b>
<b>Interest on</b>		
Security deposit	11,52,712	16,15,230
Borrowings	4,85,38,958	4,49,898
Others	5,40,371	-
Bank charges and commission	3,94,386	-
	<b>5,06,26,427</b>	<b>20,65,128</b>

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26 Other expenses

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Infrastructure usage charges	2,86,68,604	2,67,42,348
Lease rent	18,19,984	16,57,016
Insurance (net of reimbursement)	3,718	3,471
Advertisement and publicity	2,57,806	1,18,170
<b>Repairs &amp; maintenance</b>		
Plant and machinery	55,82,327	39,00,067
Building	6,998	1,58,402
Others	11,83,052	11,43,550
Stores, spares and consumables	1,05,18,651	45,37,132
Legal and professional expenses	80,01,472	1,01,52,777
Payment to auditors (refer note 1 below)	1,80,000	2,30,000
Security expenses	19,01,048	13,59,910
Communication expenses	1,49,418	1,40,270
Electricity power expenses	81,520	-
Travelling and conveyance	10,94,496	12,67,998
Directors sitting fee	1,33,501	1,74,795
Charity & donations (refer note 2 below)	10,50,000	14,00,000
Provision for doubtful debts	45,48,123	-
Inspection & testing charges	-	9,440
Miscellaneous expenses	19,69,538	19,94,982
	<b>6,71,50,256</b>	<b>5,49,90,328</b>

**Note: 1**

**Payment to auditor**

**As auditor:**

Audit fees

Limited review

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Audit fees	1,50,000	1,62,500
Limited review	30,000	67,500
	<b>1,80,000</b>	<b>2,30,000</b>

**Note: 2**

**Details of corporate social responsibility expenses**

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

Amount spent during the year ending March 31, 2018

(i) Construction/acquisition of any Asset

(ii) On Purpose other than (i) above

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Gross amount required to be spent by the company during the year	10,47,573	13,61,484
Amount spent during the year ending March 31, 2018		
(i) Construction/acquisition of any Asset	-	-
(ii) On Purpose other than (i) above	10,50,000	14,00,000

The company has paid ` 10.50 lacs (previous year ` 14 lacs) towards corporate social responsibilities to Adani Foundation.

27 Income tax

**(a) The major components of income tax expenses for the years ended March 31, 2018 and March 31, 2017**

**Statement of profit and loss section**

**Current income tax:**

Current income tax charge

Adjustment in respect of current income tax of previous years

**Deferred tax:**

Relating to reversal of temporary differences

Tax (credit) under minimum alternate tax (MAT)

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

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Current income tax:		
Current income tax charge	2,81,85,880	12,48,817
Adjustment in respect of current income tax of previous years	(1,32,026)	-
Deferred tax:		
Relating to reversal of temporary differences	(54,43,550)	(76,91,671)
Tax (credit) under minimum alternate tax (MAT)	(2,67,09,908)	-
<b>Income tax expenses reported in statement of profit and loss</b>	<b>(40,99,604)</b>	<b>(64,42,854)</b>

**(b) Other comprehensive income 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**

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Deferred tax related to items recognised in OCI during the year	25,307	1,83,073
<b>Income tax charged to OCI</b>	<b>25,307</b>	<b>1,83,073</b>

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(c) Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for March 31, 2018 and March 31, 2017

	March 31, 2018 Amt in `	March 31, 2017 Amt in `
Accounting profit before taxation	12,74,16,606	51,99,905
Applicable tax rate	30.90%	34.61%
<b>Tax effect of :-</b>	<b>3,93,71,731</b>	<b>17,99,583</b>
Profit linked deduction under chapter VI-A	(4,24,75,832)	(49,56,157)
Tax provision due to difference in MAT rate and normal tax rate	-	12,48,817
Temporary differences reversed in tax holiday period	7,39,598	(50,88,916)
Non-deductible expenses	7,93,101	7,36,891
Effect of change in tax rates	(15,89,841)	-
Adjustment of earlier years	(1,32,026)	-
Others	(8,06,335)	(1,83,073)
<b>Income tax expenses charged to statement of profit and loss</b>	<b>(40,99,604)</b>	<b>(64,42,855)</b>

(d) Deferred tax relates to following

Particulars	Balance Sheet		Statement of profit and loss	
	March 31, 2018 Amt in `	March 31, 2017 Amt in `	March 31, 2018 Amt in `	March 31, 2017 Amt in `
Accelerated depreciation for tax purpose	(5,27,05,636)	(6,48,19,243)	1,21,13,607	2,21,550
Reversal of 80IA period	2,62,08,286	3,20,18,584	(58,10,298)	75,49,022
Fair value of investment through OCI	-	-	-	-
Defined benefit liability	-	8,85,066	(8,85,066)	(2,61,974)
<b>Deferred tax liabilities</b>	<b>(2,64,97,350)</b>	<b>(3,19,15,593)</b>	<b>54,18,243</b>	<b>75,08,598</b>

(e) Reconciliation of deferred tax liabilities

	March 31, 2018 Amt in `	March 31, 2017 Amt in `
Opening balance as at 1st April	(3,19,15,593)	(3,94,24,191)
Tax expense during the period recognised in statement of profit and loss	(54,43,550)	(76,91,671)
Tax expense during the period recognised in OCI	25,307	1,83,073
<b>Closing balance as at 31st March</b>	<b>(2,64,97,350)</b>	<b>(3,19,15,593)</b>

28 Fair value measurement

a) The carrying value of financial instruments by categories as of March 31, 2018 is as follows :

Particulars	Note No.	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	-	57,71,161	-	-	57,71,161
Trade receivables	9	-	-	-	2,76,95,089	2,76,95,089
Cash and cash equivalents	10	-	-	-	11,34,34,590	11,34,34,590
Other Bank balance	11	-	-	-	32,851	32,851
Loans	12	-	-	-	-	-
Others financial assets	4	-	-	-	5,68,360	5,68,360
		-	57,71,161	-	14,17,30,890	14,75,02,051
<b>Financial Liabilities</b>						
Borrowings	15	-	-	-	20,00,000	20,00,000
Trade payables	19	-	-	-	6,52,94,646	6,52,94,646
Other financial liabilities	16	-	-	-	4,19,15,725	4,19,15,725
		-	-	-	10,92,10,371	10,92,10,371

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

Particulars	Note No.	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	-	38,13,233	-	-	38,13,233
Trade receivables	9	-	-	-	1,57,67,042	1,57,67,042
Cash and cash equivalents	10	-	-	-	5,18,195	5,18,195
Other Bank balance	11	-	-	-	30,550	30,550
Loans	12	-	-	-	40,00,000	40,00,000
Others financial assets	4	-	-	-	7,72,026	7,72,026
		-	38,13,233	-	2,10,87,813	2,49,01,046
<b>Financial Liabilities</b>						
Borrowings	15	-	-	-	1,90,00,000	1,90,00,000
Trade payables	19	-	-	-	4,80,34,688	4,80,34,688
Other financial liabilities	16	-	-	-	3,96,79,779	3,96,79,779
		-	-	-	10,67,14,467	10,67,14,467

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29 Fair value hierarchy :

Particulars	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment	-	57,71,161	-	57,71,161
<b>Total</b>	-	57,71,161	-	57,71,161

Particulars	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment	-	38,13,233	-	38,13,233
<b>Total</b>	-	38,13,233	-	38,13,233

30 Financial risk objective and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. 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 interest rate movements (interest rate risk) collectively referred as market risk, credit risk, liquidity risk and other price risks such as equity price risk. The Company's senior management oversees the management of these risks.

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.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2018.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

i) 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.

Interest rate sensitivity

The following paragraph demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended March 31, 2018 would decrease / increase by ₹. 10,000/- (previous year ₹. 15,000/-). This is mainly attributable to interest rates on variable rate long term borrowings.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Concentrations of Credit Risk form part of Credit Risk

Considering that the Company provides transmission and distribution of electricity services at SEZ area located at Mundra, the Company is significantly depend on transmission and distribution lines provided to customers. Out of total revenue, the Company earns of ₹. 1,21,11,43,581 from top five customers during the year ended March 31, 2018 which constitute 77.96%. A loss of these customers could adversely affect the operating result or cashflow of the Company.

c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial assets. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Maturities of financial liability

The table below analysis the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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**MPSEZ Utilities Private Limited**  
**Notes to financial statements for the year ended March 31, 2018**

As at March 31, 2018						Amt in `
Particulars	Refer Note	On Demand	Within 1 year	Over 1 year within 5 years	Over 5 years	Total
Borrowings	15 & 16	-	10,00,000	10,00,000	-	20,00,000
Other financial liabilities	16	-	2,06,98,595	2,12,17,130	-	4,19,15,725
Trade payables	19	-	6,52,94,646	-	-	6,52,94,646
		-	<b>8,69,93,241</b>	<b>2,22,17,130</b>	-	<b>10,92,10,371</b>

As at March 31, 2017						Amt in `
Particulars	Refer Note	On Demand	Within 1 year	Over 1 year within 5 years	Over 5 years	Total
Borrowings	15 & 16	-	10,00,000	1,80,00,000	-	1,90,00,000
Other financial liabilities	16	-	1,50,03,005	2,46,76,774	-	3,96,79,779
Trade payables	19	-	4,80,34,688	-	-	4,80,34,688
		-	<b>6,40,37,693</b>	<b>4,26,76,774</b>	-	<b>10,67,14,467</b>

**31 Earnings per share**

	March 31,2018 Amt in `	March 31, 2017 Amt in `
Profit attributable to equity shareholders of the company	13,15,16,210	1,16,42,759
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 `)	10.01	0.89

**32 Capital commitments**

	Amt in `	
Particulars	March 31,2018	March 31, 2017
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	3,40,58,307	4,10,30,645

**33 Contingent liabilities not provided for**

	Amt in `	
Particulars	March 31,2018	March 31, 2017
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 and 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.

Considering the inter relationship of various activities of business, the chief operational decision maker monitors the operating results of business segment on over all basis. Segment performance is evaluated based on profit and loss and is measured consistently with profit or loss in financial statement.

**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:**

	Amt in `	
Particulars	March 31,2018	March 31, 2017
Present value of the defined benefit obligation at the beginning of the year	20,53,576	24,31,380
Current service cost	3,34,433	4,73,804
Past Service Cost	-	-
Interest cost	1,55,960	1,91,942
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	-	-
- change in financial assumptions	(77,255)	(6,63,847)
- experience variance	(35,328)	1,08,114
Benefits paid	-	(1,65,658)
Acquisition adjustment	(74,707)	(3,22,159)
Present value of the defined benefit obligation at the end of the year	<b>23,56,679</b>	<b>20,53,576</b>

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

	Amt in `	
Particulars	March 31,2018	March 31, 2017
Fair value of plan assets at the beginning of the year	21,01,634	19,54,895
Investment income	1,59,610	1,54,326
Contributions by employer	2,85,120	19,156
Benefits paid	-	-
Return on plan assets , excluding amount recognised in net interest expense	(25,319)	(26,743)
Fair value of plan assets at the end of the year	<b>25,21,045</b>	<b>21,01,634</b>

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

	Amt in `	
Contribution to	March 31,2018	March 31, 2017
Present value of the defined benefit obligation at the end of the year	23,56,679	20,53,576
Fair value of plan assets at the end of the year	25,21,045	21,01,634
Amount recognised in the balance sheet	1,64,366	48,058
Net (liability)/asset - Current	1,64,366	48,058
Net (liability)/asset - Non-current	-	-

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

Particulars	Amt in `	
	March 31,2018	March 31, 2017
Current service cost	3,34,433	4,73,804
Interest cost on benefit obligation	(3,650)	37,616
Total Expense included in employee benefits expense	3,30,783	5,11,420

e) Recognised in the other comprehensive income for the year

Particulars	Amt in `	
	March 31,2018	March 31, 2017
Actuarial (gain)/losses arising from		
- change in demographic assumptions		
- change in financial assumptions	(77,255)	(6,63,847)
- experience variance	(35,328)	1,08,114
Return on plan assets, excluding amount recognised in net interest expense	25,319	26,743
Recognised in comprehensive income	(87,265)	(5,28,990)

f) Maturity profile of Defined Benefit Obligation

Particulars	Amt in `	
	March 31,2018	March 31, 2017
Weighted average duration (based on discounted cash flows)	17 Years	17 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, 2018		March 31, 2017	
	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	(3,43,829)	4,18,623	(3,01,119)	3,67,634

Particulars	March 31, 2018		March 31, 2017	
	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	4,17,768	(3,49,112)	3,66,130	(3,05,227)

Particulars	March 31, 2018		March 31, 2017	
	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	10,340	(11,359)	3,083	(3,638)

Particulars	March 31, 2018		March 31, 2017	
	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	920	(924)	620	(623)

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 31,2018	March 31, 2017
Investments with insurer	100%	100%

The company expects to contribute ` 1,80,197 to gratuity fund in the next year. ( Previous year ` 3,30,343)

\* 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 31,2018	March 31, 2017
Discount rate	7.80%	7.60%
Rate of escalation in salary (per annum)	7.00%	7.00%
Mortality	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

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.

j) The expected cash flows of defined benefit obligation over the future periods (valued on undiscounted basis)

Particulars	Amt in `	
	March 31, 2018	March 31,2017
Within the next 12 months (next annual reporting period)	32,719	26,485
Between 2 and 5 years	1,64,811	2,11,934
Between 6 and 10 years	10,55,346	2,37,826
Beyond 10 years	85,85,867	78,98,013
Total Expected Payments	98,38,743	83,74,258

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**MPSEZ UTILITIES PRIVATE LIMITED**
**Notes to Financials statements for the year ended March 31, 2018**
**36 Related Parties transactions for the year ended March 31, 2018**

Holding company	Adani Ports and Special Economic Zone Limited
Fellow subsidiary	Mundra SEZ Textile and Apparel Park Private Limited
	Adani Hazira Port Private Limited
	Mundra LPG Terminal Private Limited
	Adani Logistics Limited
	Adani Hospital Mundra Private Limited
	Adani Petronet (Dahej) Port Private Limited
Entities and venturers over which shareholders of the company are able to exercise significant influence through voting power	Adani Willmar Limited
	Adani Power Limited
	Adani Enterprises Limited
	Adani Power Mundra Limited
	Udupi Power Corporation Limited
	Mundra Solar Pv Limited
	Adani Mundra SEZ Infrastructure Private Limited
	Adani Renewable Energy Park Rajasthan Ltd
	Mundra Solar Techno Park Private Limited
Adani Green Energy (UP) Limited	
Jointly controlled entities,by the holding company	Adani CMA Mundra Terminal Private Limited
	Adani International Container Terminal Private Limited
Entities over which key management personnel,directors and their relatives are able to exercise significant influence	Adani Foundation
	Adani Mundra SEZ Infrastructure Private Limited
	Adani Skill Development Centre Private Limited
Key management personnel	Mr. Amit Uplenchwar, Managing director (upto 12.01.2018)
	Mr. Ennarasu Karunesan
	Mr. Mukesh Saxena
	Mr. Jay H. Shah (upto 07.10.2017)
	Mr. K. K. Mishra (upto 07.10.2017)
	Mr. Jai Singh Khurana, Managing director (w.e.f 11.01.2018)
	Mr. Manoj Chanduka - Chief financial officer
	Mr. Paresch Patel - Company secretary

**Detail of Related Party Transactions for the year ended March 31, 2018**

Category	Name of Related Party	Amt in `	
		For the year ended March 31, 2018	For the year ended March 31, 2017
Rendering of services(Including reimbursement)	Mundra SEZ Textile and Apparel Park Private Limited	1,44,942	68,887
Interest expense	Adani Ports and Special Economic Zone Limited	4,82,50,025	29,885
Interest income	Adani Skill Development Centre Private Limited	2,47,562	90,740
Purchase of capital goods	Adani Hazira Port Private Limited	-	70,888
Director sitting fees	Mr. Jay Shah	83,298	-
	Mr. Krishnankumar Chhandulal Mishra	65,203	-
Donation	Adani Foundation	10,50,000	14,00,000
Loan taken	Adani Ports and Special Economic Zone Limited	2,66,77,50,000	7,22,00,000
Loan repaid	Adani Ports and Special Economic Zone Limited	2,68,37,50,000	5,62,00,000
Loan received back	Adani Skill Development Centre Private Limited	90,00,000	-
Loan given	Adani Skill Development Centre Private Limited	50,00,000	40,00,000

**Closing Balances**

Category	Name of the Related Party	Amt in `	
		As at March 31, 2018	As at March 31, 2017
Loans and advances	Adani Ports and Special Economic Zone Limited	78,360	78,360
	Adani Logistics Limited	60,000	60,000
	Adani Skill Development Centre Private Limited	-	40,00,000
Capital advances	Adani Mundra SEZ Infrastructure Private Limited	13,80,00,000	13,80,00,000
Inter corporate deposit	Adani Ports and Special Economic Zone Limited	-	1,60,00,000

**Note :-**

Public utilities as covered under Ind AS - 24 "Related Party Disclosures", are not related parties. Hence transactions and outstanding balances related with power business, have not been reported as related party transactions.

**MPSEZ Utilities Private Limited**
**Notes to financials statements for the year ended March 31, 2018**

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 Capital management**

For the purposes of the company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the company's capital management is to maximize shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The company monitors capital using gearing ratio, which is net debt (total debt less cash and cash equivalents) divided by total capital plus net debt.

Particulars	Refer note	Amt in `	
		As at March 31, 2018	As at March 31, 2017
Total borrowings	15	20,00,000	1,90,00,000
Less: Cash and cash equivalents	10	11,34,34,590	5,18,195
Net Debt (A)		(11,14,34,590)	1,84,81,805
Total Equity (B)	13 & 14	78,91,11,298	65,75,33,130
Total Equity and Net Debt (C = A + B)		67,76,76,708	67,60,14,935
Gearing ratio		-	2.73%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017

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

Particulars	2017-18 (Unit in Mus)	2016-17 (Unit in Mus)
Unit Purchased - Schedule	270.44	189.62
Unscheduled interchange (UI)	23.50	16.91
Total Units Purchased	293.94	206.53
Unit Sold	283.98	198.67
Transmission & Distribution Losses	9.96	7.86
Transmission & Distribution Losses (%)	3.39%	3.81%

40 Disclosure under Para 44A as set out in Ind AS 7 on cash flow statements under Companies (Indian Accounting Standards) Rules, 2017 (as amended)

Particulars of Liabilities arising from Financing activity	Note No.	As at March 31, 2017	Cash flows	Non Cash Changes		As at March 31, 2018
				Effect due to changes in foreign exchange rates	Other changes	
Long term borrowings	15	1,90,00,000	(1,70,00,000)	-	-	20,00,000
<b>Total</b>		<b>1,90,00,000</b>	<b>(1,70,00,000)</b>	<b>-</b>	<b>-</b>	<b>20,00,000</b>

41 "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 2017-18 aggregating to ` . 3,75,09,943/- and during the year company has made a provision for the RPO obligation of ` . 1,03,71,737/-. The cost of such obligation is included in Cost of Power Purchased in Note - 23.

42 Details of income & expenses for the Common Effluent Treatment Plant (CETP) Service rendered during the year are as under

Particulars	For the year ended March 31, 2018 Amt in `	For the year ended March 31, 2017 Amt in `
<b>Income</b>	<b>55,18,705</b>	<b>50,18,770</b>
<b>Expenses</b>		
Employee benefits expenses	7,83,477	7,33,217
Electricity Expense	9,34,738	6,53,778
Depreciations	78,798	77,287
Finance Cost	118	-
Other Expense	29,64,718	23,14,379
<b>Total Expenditure</b>	<b>47,61,849</b>	<b>37,78,661</b>

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## MPSEZ Utilities Private Limited

### Notes to financial statements for the year ended March 31, 2018

#### 43 Standards issued but not effective:

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ("MCA") has issued certain amendments to Ind AS through (Indian Accounting Standards) Amendment Rules, 2018. These amendments maintain convergence with IFRS by incorporating amendments issued by International Accounting Standards Board (IASB) into Ind AS and has amended the following standards:

1. Ind AS 115-Revenue from Contract with Customers
2. Ind AS 21-The effect of changes in foreign exchanges rates
3. Ind AS 40-Investment Property
4. Ind AS 12-Income Taxes
5. Ind AS 28-Investment in Associates and Joint Ventures
6. Ind AS 112-Disclosure of Interest in Other Entities

These amendments are effective for annual periods beginning on or after April 01, 2018. Application of these amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

The Company is assessing the potential effect of the amendments on its financial statements. The Company will adopt these amendments, if applicable, from their applicability date.

#### 44 Approval of financial statements

The financial statements were approved for issue by the board of directors on 28, April 2018.

#### 45 Previous year's figures

Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

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

**For G.K. CHOKSI & CO.**  
Firm Registration No.: 101895W  
Chartered Accountants

**For and on behalf of Board of Directors**

**SANDIP A. PARIKH**  
Partner  
Membership No. 040727

**Jai Khurana**  
Managing Director  
DIN: 05140233

**Mukesh Saxena**  
Director  
DIN: 07337179

**Manoj Chanduka**  
Chief Financial Officer

**Paresh Patel**  
Company Secretary

**Place: Ahmedabad**  
**Date: April 28, 2018**

**Place: Ahmedabad**  
**Date: April 28, 2018**