

## **INDEPENDENT AUDITOR'S REPORT**

To,

The Members of

**Mundra SEZ Textile and Apparel Park Private Limited**

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

We have audited the accompanying standalone Ind AS financial statements of **Mundra SEZ Textile And Apparel Park Private Limited** (“the Company”), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement 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 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 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 specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the 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 aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs(financial position) of the Company as at 31<sup>st</sup>March, 2018, and its profit( including financial performance including other comprehensive income), its cash flow statement and 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 the Statement of 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 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”;
- 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 : 27<sup>th</sup> April,2018

**SANDIP PARIKH**  
*Partner*  
Mem. 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 situation of Fixed Assets.

(b) Fixed assets have been physically verified by the management at reasonable intervals which in our opinion is reasonable having regard to size of the Company and 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 and no material discrepancies were noticed on physical verification during the year.

(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 (v) of the CARO 2016 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.

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, duty of custom, 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.

(b) According to information and explanations given to us, the Company has no disputed outstanding statutory dues as at 31st March, 2018.

(viii) In our opinion and according to information and explanations given to us, the Company do not have any borrowings from any financial institution, or bank or by way of issue of debentures.

(ix) In our opinion and according to information and explanations given to us the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, reporting under clause (ix) of the CARO 2016 is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given 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 (xi) of the CARO 2016 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 (xii) of the CARO 2016 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(xiv) of the CARO 2016 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 persons connected with him. And hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company as legally advised, is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the reporting under clause (xvi) of the CARO 2016 is not applicable to the company.

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

[Firm Registration No. 101895W]

*Chartered Accountants*

Place : Ahmedabad

Date : April 27, 2018

**SANDIP PARIKH**

*Partner*

Mem. No. 040727

## **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 **Mundra SEZ Textile And Apparel Park 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 27, 2018

**SANDIP PARIKH**

*Partner*

Mem. No. 040727

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Balance Sheet as at March 31, 2018**

₹ in Lacs

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	3,994.26	4,499.19
Non-current financial assets			
(i) Other financial assets	4	1,141.49	1,327.91
Non-current income tax assets (net)	5	16.61	9.90
Other non-current assets	5	-	0.01
		<b>5,152.36</b>	<b>5,837.01</b>
<b>Current assets</b>			
Inventories	6	0.46	0.46
Financial assets			
(i) Trade receivables	7	10.81	42.69
(ii) Cash and cash equivalents	8	13.75	0.45
(iii) Bank balance other than cash and cash equivalents	9	-	0.31
(iv) Other financial assets	4	49.77	-
Other current assets	5	3.16	4.20
		<b>77.95</b>	<b>48.11</b>
<b>Total assets</b>		<b>5,230.31</b>	<b>5,885.12</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	10	476.56	476.56
Other equity	11	(2,413.92)	(1,840.48)
<b>Total equity</b>		<b>(1,937.36)</b>	<b>(1,363.92)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	12	3,127.00	-
(ii) Other financial liabilities	13	0.97	-
Provisions	14	1.52	1.32
Other non-current liabilities	15	3,493.83	3,921.21
		<b>6,623.32</b>	<b>3,922.53</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Trade payables	16	8.45	8.28
(ii) Other financial liabilities	13	252.82	3,126.25
Provisions	14	0.22	0.17
Other current liabilities	15	282.86	191.81
		<b>544.35</b>	<b>3,326.51</b>
<b>Total liabilities</b>		<b>7,167.67</b>	<b>7,249.04</b>
<b>Total equity and liabilities</b>		<b>5,230.31</b>	<b>5,885.12</b>
<b>The accompanying notes form an integral part of financials statements</b>			

As per our report of even date

**For G.K.Chokshi & Co.**  
**ICAI Firm Registration No.: 101895W**  
Chartered Accountants

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

**Sandip A Parikh**  
Partner  
Membership No. 40727

**Jai Khurana**  
Director  
DIN: 05140233

**Ravi Iyer**  
Director  
DIN: 02609800

**Place: Ahmedabad**  
**Date: April 27, 2018**

**Place: Ahmedabad**  
**Date: April 27, 2018**

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2018**

₹ in Lacs

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Income</b>			
Revenue from operations	17	427.97	429.77
Other income	18	14.15	0.39
<b>Total income</b>		<b>442.12</b>	<b>430.16</b>
<b>Expenses</b>			
Cost of land and infrastructure development	19	259.14	259.14
Employee benefits expense	20	6.87	6.74
Depreciation and amortization expense	3	526.99	525.47
Finance costs	21	194.12	17.36
Other expenses	22	28.46	13.81
<b>Total expense</b>		<b>1,015.58</b>	<b>822.52</b>
<b>(Loss) before tax</b>		<b>(573.46)</b>	<b>(392.36)</b>
<b>Tax expense:</b>			
Deferred tax/Current tax	23	-	-
<b>(Loss) for the year</b>	(A)	<b>(573.46)</b>	<b>(392.36)</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		0.02	0.20
Income Tax effect		-	-
<b>Other comprehensive Income for the year</b>	(B)	<b>0.02</b>	<b>0.20</b>
<b>Total comprehensive Income for the year</b>	(A)+(B)	<b>(573.44)</b>	<b>(392.16)</b>
<b>Basic and diluted earnings per equity shares (in ₹) face value of ₹ 10 each</b>			
	24	<b>(12.03)</b>	<b>(8.23)</b>

The accompanying notes form an integral part of financials statements

As per our report of even date

**For G.K.Chokshi & Co.**  
**ICAI Firm Registration No.: 101895W**  
Chartered Accountants

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

**Sandip A Parikh**  
Partner  
Membership No. 40727

**Jai Khurana**  
Director  
DIN: 05140233

**Ravi Iyer**  
Director  
DIN: 02609800

**Place: Ahmedabad**  
**Date: April 27, 2018**

**Place: Ahmedabad**  
**Date: April 27, 2018**

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Statement of Changes in Equity for the year ended March 31, 2018**

Particulars	₹ in Lacs		
	Equity share capital	Reserves and surplus Retained earning	Total
<b>Balance as at April 01, 2016</b>	<b>476.56</b>	<b>(1,448.32)</b>	<b>(971.76)</b>
(Loss) for the year	-	(392.36)	(392.36)
Other comprehensive income	-	0.20	0.20
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(392.16)</b>	<b>(392.16)</b>
<b>Balance as at March 31, 2017</b>	<b>476.56</b>	<b>(1,840.48)</b>	<b>(1,363.92)</b>
(Loss) for the year		(573.46)	(573.46)
Other comprehensive income		0.02	0.02
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(573.44)</b>	<b>(573.44)</b>
<b>Balance as at March 31, 2018</b>	<b>476.56</b>	<b>(2,413.92)</b>	<b>(1,937.36)</b>

The accompanying notes form an integral part of financial statements

As per our report of even date

**For G.K.Chokshi & Co.**  
**ICAI Firm Registration No.: 101895W**  
Chartered Accountants

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

**Sandip A Parikh**  
Partner  
Membership No. 40727

**Jai Khurana**  
Director  
DIN: 05140233

**Ravi Iyer**  
Director  
DIN: 02609800

**Place: Ahmedabad**  
**Date: April 27, 2018**

**Place: Ahmedabad**  
**Date: April 27, 2018**

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Statement of Cash Flows for the year ended March 31, 2018**

₹ in Lacs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flow from operating activities</b>		
<b>(Loss) before tax as per statement of profit and loss</b>	(573.46)	(392.36)
Adjustments for:		
Depreciation and amortisation	526.99	525.47
Government grant income	(179.37)	-
Lease upfront premium and deferred infrastructure income	(91.98)	-
Interest income	(14.15)	(0.39)
Interest expense	194.04	17.36
<b>Operating Profit/(Loss) before working capital changes</b>	<b>(137.93)</b>	<b>150.08</b>
Movements in working capital :		
Decrease/(Increase) in trade receivable	31.88	(15.79)
Decrease/(Increase) in financial assets	136.65	(16.15)
Decrease/(Increase) in other assets	1.04	(1.98)
Increase in trade payables	0.17	1.89
(Decrease) in other liabilities	(64.98)	(221.36)
Increase in provisions	0.27	0.13
Increase in financial liabilities	72.57	0.08
<b>Cash generated/(used) from operations</b>	<b>39.67</b>	<b>(103.10)</b>
Direct taxes paid (net of refunds)	(6.71)	2.36
<b>Net cash Inflow/(outflow) from operating activities (A)</b>	<b>32.96</b>	<b>(100.74)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment (Including capital work In progress and capital advances)	(21.08)	-
Interest received	14.15	0.39
(Deposit)/realisation of fixed deposit	0.31	(0.02)
<b>Net cash (Outflow)/inflow from investing activities (B)</b>	<b>(6.62)</b>	<b>0.37</b>
<b>Cash flows from financing activities</b>		
Proceeds from inter corporate deposit (including short-term)	267.00	381.00
Repayment of inter corporate deposit (including short-term)	(245.00)	(175.00)
Interest paid	(35.04)	(107.76)
<b>Net cash (outflow)/Inflow from financing activities (C)</b>	<b>(13.04)</b>	<b>98.24</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents (A + B + C)</b>	<b>13.30</b>	<b>(2.13)</b>
Cash and cash equivalents at the beginning of the year	0.45	2.58
<b>Cash and cash equivalents at the end of the year (Refer note-B)</b>	<b>13.75</b>	<b>0.45</b>
<b>Notes:</b>		
Component of cash and cash equivalents		
Cash on hand	-	-
Balances with scheduled bank		
On current accounts	13.75	0.45
<b>Cash and cash equivalents at the end of the year</b>	<b>13.75</b>	<b>0.45</b>

Summary of significant accounting policies refer note 2.1

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

(2) Disclosure under Para 44A as set out in Ind AS 7 on cash flow statements under Companies (Indian Accounting Standards) Rules, 2017 (as amended) is given as per note 32(a).

As per our report of even date

**For G.K.Chokshi & Co.**  
**ICAI Firm Registration No.: 101895W**  
Chartered Accountants

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

**Sandip A Parikh**  
Partner  
Membership No. 40727

**Jai Khurana**  
Director  
DIN: 05140233

**Ravi Iyer**  
Director  
DIN: 02609800

**Place: Ahmedabad**  
**Date: April 27, 2018**

**Place: Ahmedabad**  
**Date: April 27, 2018**

## **1 Corporate information**

The Company was promoted by Adani Ports and Special Economic Zone Ltd. The Company is a co-developer and has set up an Integrated Textile Park under the scheme of "Ministry of Textiles, Govt. of India" in Special Economic Zone, Mundra, Kutch District of Gujarat.

Mundra SEZ Textile And Apparel Park Private Limited ('MITAP' or Company) was incorporated with an objective to set up an Integrated Textile and apparel Park within Mundra SEZ with main objective of providing infrastructure facilities to the units in the Zone with specific emphasis on textile & Apparel Sector. The Company has got the approval from Government of India as Co-developer of Mundra SEZ.

The Company has entered into long term land lease agreement for land measuring 116.24 acres for period of 25 years on certain terms and conditions to develop units in accordance with the scheme for integrated textile park, a scheme framed by government of India, Ministry of Textile, for development of textile industry.

## **2 Basis of preparation**

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

The financial statements have been prepared on the historical cost basis, except for certain financial 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 lakh, except when otherwise indicated.

Effective April 01, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind As 101, First-time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

### **2.1 Summary of significant accounting policies**

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

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period  
All other assets are classified as non-current.

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.
- Net Realizable Value in respect of store and spares is the estimated current procurement price in the ordinary course of the business.

#### **c) Cash and cash equivalents**

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

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

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

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to acquisition / construction of fixed assets 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. When significant parts of property 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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013. The Identified component of fixed assets are depreciated over their useful lives and the remaining components are depreciated over the life of the principal assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use.

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.

#### **e) 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.

**Income from sub-lease of land, lease of building and long term infrastructure development use agreement**

The company has entered in to Long Term sub lease of land, Lease of building and infrastructure development use agreements with its member units. The upfront premium received/receivable on such sub-leases of land and building is recognised as Income-upfront. The upfront premium received/receivable on such sub-leases, lease and infrastructure usage development is recognised as income pro-rata over the sub-lease period. Annual land sub lease rent receivable under the above agreements and maintenance charges are accounted for as income in accordance with the terms of such agreements.

**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.

**f) 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.

**Provident fund**

Retirement benefits in the form of Provident fund are defined contribution schemes and the contributions are charged to the statement of profit and loss account for the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

**Gratuity**

Gratuity liability is defined benefit obligation and is provided based on actuarial valuation on projected unit credit method made at the end of each financial year.

**Compensated leave benefits**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**g) 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.

**h) 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.

**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. Assets acquired on leases where substantial risks and rewards incidental to ownership are not transferred to the Company are classified as operating leases

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.

**i) 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 earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**j) Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

**k) Taxes**

**i) Current income tax**

Tax expense comprises of current and deferred tax. Tax is recognised in the statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. 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 other comprehensive income 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 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.

**l) 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.

**m) Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**n) Financial instruments**

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

**Financial assets**

**Initial recognition and measurement**

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

**Subsequent measurement**

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

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

**Debt instruments at amortised cost**

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

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

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

**Debt instrument at 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.

**Debt instrument at FVTPL**

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

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

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

**Equity investments**

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

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

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

**Derecognition**

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

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

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

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

#### **Impairment of financial assets**

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

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

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

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

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

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

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

#### **Financial liabilities**

##### **Initial recognition and measurement**

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

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

The Company's financial liabilities include trade and other payables, loans and borrowing.

##### **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.

This category generally applies to borrowings.

##### **Derecognition**

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

##### **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.

**o) Provisions**

**General**

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

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

**Contingent liabilities**

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.

**2.2 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's Ind AS Financial Statements requires management to make judgments, 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.

**Judgements**

- (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) 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.
- (v) Significant judgement is required in classification of lease transaction into operating or finance lease.

**Estimates and assumptions**

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

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financials statements for the year ended March 31, 2018**  
**Note 3 - Property, plant and equipment**

₹ in Lacs

Particulars	Tangible assets						Total
	Leasehold land <sup>(1)</sup>	Building	Plant & Equipment	Furniture & fixtures	Office equipment	Vehicles	
<b>Cost</b>							
<b>As at April 1, 2016</b>	1,421.04	2,443.90	1,679.62	1.62	0.09	3.87	5,550.14
Additions	-	-	-	-	-	-	-
Deductions/adjustment	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	1,421.04	2,443.90	1,679.62	1.62	0.09	3.87	5,550.14
Additions (refer note 2 below)	22.06	-	-	-	-	-	22.06
Deductions/adjustment	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	1,443.10	2,443.90	1,679.62	1.62	0.09	3.87	5,572.20
<b>Depreciation/amortisation</b>							
<b>As at April 1, 2016</b>	85.67	225.69	213.06	0.24	-	0.82	525.48
Depreciation for the year	85.67	225.69	213.05	0.24	-	0.82	525.47
Deductions/(adjustment)	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	171.34	451.38	426.11	0.48	-	1.64	1,050.95
Depreciation for the year	87.18	225.69	213.06	0.24	-	0.82	526.99
Deductions/(adjustment)	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	258.52	677.07	639.17	0.72	-	2.46	1,577.94
<b>Net Block</b>							
As at March 31, 2018	1,184.58	1,766.83	1,040.45	0.90	0.09	1.41	3,994.26
As at March 31, 2017	1,249.70	1,992.52	1,253.51	1.14	0.09	2.23	4,499.19

Notes:

(1) Leasehold land represent land measuring 58.78 acres taken on financial lease from Adani Ports and Special Economic Zone Limited, to set up Integrated Textile and Apparel Park within Mundra SEZ with main objective of providing infrastructure facilities to the units in the Zone with specific emphasis on textile & Apparel Sector.

(2) Addition of Leasehold land in current financial year represents land given on financial lease which was surrendered by Customers.

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financial statements for the year ended March 31, 2018**

		As at March 31, 2018 ₹ in Lacs	As at March 31, 2017 ₹ in Lacs
<b>4 Other financial assets</b>			
	<b>Non-current</b>		
	Security and other deposits	1.37	1.37
	Land lease receivable (refer note 17 (b))	1,140.12	1,326.54
		<b>1,141.49</b>	<b>1,327.91</b>
	<b>Current</b>		
	Land lease receivable (refer note 17 (b))	49.77	-
		<b>49.77</b>	<b>-</b>
<b>5 Other Assets</b>			
	<b>Non-current income tax assets (net)</b>		
	Advance income tax (net of provision for taxation)	16.61	9.90
		<b>16.61</b>	<b>9.90</b>
	<b>Non-current Capital advances</b>		
	Unsecured, considered good	-	0.01
		<b>-</b>	<b>0.01</b>
	<b>Current Advances recoverable in cash or in kind</b>		
	Unsecured, considered good	1.57	0.01
	<b>(A)</b>	<b>1.57</b>	<b>0.01</b>
	<b>Others (unsecured)</b>		
	Prepaid expenses	-	0.02
	Accrued revenue	1.58	3.72
	Balances with statutory/ government authorities	0.01	0.45
	Gratuity fund	-	-
	<b>(B)</b>	<b>1.59</b>	<b>4.19</b>
	<b>(A+B)</b>	<b>3.16</b>	<b>4.20</b>
<b>6 Inventories</b>			
	Stores and spares	0.46	0.46
		<b>0.46</b>	<b>0.46</b>
<b>7 Trade receivables</b>			
	<b>Current</b>		
	<b>Unsecured considered good unless stated otherwise (refer note (a) below )</b>		
	Trade receivables	6.31	42.14
	Receivables from related parties	4.50	0.55
		<b>10.81</b>	<b>42.69</b>
	<b>Notes:</b>		
	a) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivable are due from firms or private companies in which any director is a partner, a director or a member.		
<b>8 Cash and cash equivalents</b>			
	<b>Balances with banks:</b>		
	Balance in current account	13.75	0.45
		<b>13.75</b>	<b>0.45</b>
<b>9 Bank balances other than cash and cash equivalents</b>			
	Deposits with original maturity over 3 months but less than 12 months	-	0.31
		<b>-</b>	<b>0.31</b>
	Note :Nil (Previous year FDR of ₹ 0.31 Lacs under lien with Government Authorities)		
<b>10 Share capital</b>			
	<b>Authorised</b>		
	50,00,000 equity shares of ₹ 10 each ( previous year 50,00,000 equity shares of ₹ 10 each)	500.00	500.00
		<b>500.00</b>	<b>500.00</b>

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financial statements for the year ended March 31, 2018**

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

	476.56	476.56
47,65,600 equity shares of ₹ 10 each ( previous year 47,65,600 equity shares of ₹ 10 each)	<u>476.56</u>	<u>476.56</u>

**Notes:**

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

	As at March 31, 2018		As at March 31, 2017	
	No	₹ in Lacs	No	₹ in Lacs
As the beginning of the year	47,65,600.00	476.56	47,65,600.00	476.56
New shares issued during the year	-	-	-	-
As the end of the year	<u>47,65,600.00</u>	<u>476.56</u>	<u>47,65,600.00</u>	<u>476.56</u>

**(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.

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

Out of equity shares issued by the company, shares held by its holding company and its nominee are as below:

	As at March 31, 2018 ₹ in Lacs	As at March 31, 2017 ₹ in Lacs
24,50,000 equity shares (previous year 24,50,000) of ₹ 10 each	245.00	245.00

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

	As at March 31, 2018		As at March 31, 2017	
	No in Lacs	%	No in Lacs	%
<b>Equity shares of ₹ 10 each fully paid</b>				
Adani Ports and Special Economic Zone Limited, the holding company	24.50	51.41%	24.50	51.41%
Skaps Industries India Pvt. Ltd.	5.17	10.85%	5.17	10.85%
Ahlstrom Fibercomposites India Pvt. Ltd.	3.88	8.15%	3.88	8.15%
Adani Enterprise Ltd.	3.52	7.39%	3.52	7.39%
Anjani Udyog Pvt. Ltd.	3.24	6.80%	3.24	6.80%
Terram Geosynthetics Pvt. Ltd.	2.86	6.01%	2.86	6.01%
Adani Logistics Ltd.	2.65	5.57%	2.65	5.57%

**11 Other equity**

**Retained earnings**

	As at March 31, 2018 ₹ in Lacs	As at March 31, 2017 ₹ in Lacs
Opening balance	(1,840.48)	(1,448.32)
Add : (Loss) for the year	(573.46)	(392.36)
<b>Other comprehensive income</b>		
Remeasurement of defined benefit plan (net of tax)	0.02	0.20
Closing balance	<u>(2,413.92)</u>	<u>(1,840.48)</u>

**12 Borrowings**

**Non-current**

	As at March 31, 2018 ₹ in Lacs	As at March 31, 2017 ₹ in Lacs
Inter corporate deposit (refer note a) (unsecured)	3,127.00	-
	<u>3,127.00</u>	<u>-</u>

**Total current borrowing**

Less: amount shown under "other current liabilities"	-	(3,105.00)
<b>Net current borrowing</b>	<u>-</u>	<u>-</u>

**Total borrowings includes**

Secured borrowings	-	-
Unsecured borrowings	3,127.00	-
<b>Total borrowings</b>	<u>3,127.00</u>	<u>-</u>

**Notes:**

(a) Inter corporate deposit is received from Adani Ports And Special Economic Zone Limited., the holding company, at the interest rate of 6.25% p.a. The outstanding loan balance will be repayable at maturity on March, 2023.

**13 Other financial liabilities**

**Non-current**

	As at March 31, 2018 ₹ in Lacs	As at March 31, 2017 ₹ in Lacs
Trade payable	0.97	-
	<u>0.97</u>	<u>-</u>

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financials statements for the year ended March 31, 2018**

**Current**

Current maturities of long term borrowings (refer note 12)	-	3,105.00
Interest accrued but not due on borrowings	174.63	15.63
Deposits from customers	77.22	5.62
Capital creditors, retention money and other payable	0.97	-
	<b>252.82</b>	<b>3,126.25</b>

**14 Provisions**

**Non-current**

	As at March 31, 2018 ₹ in Lacs	As at March 31, 2017 ₹ in Lacs
Provision for gratuity(refer note 29)	1.00	0.85
Provision for compensated absences	0.52	0.47
	<b>1.52</b>	<b>1.32</b>

**Current**

Provision for gratuity (refer note 29)	0.02	0.01
Provision for compensated absences	0.20	0.16
	<b>0.22</b>	<b>0.17</b>

**15 Other liabilities**

**Non-current**

	As at March 31, 2018 ₹ in Lacs	As at March 31, 2017 ₹ in Lacs
Unearned income under land lease/ infrastructure usage agreements	1,206.25	1,274.89
Deferred income - government grant (refer note 17 (a))	2,287.58	2,646.32
	<b>3,493.83</b>	<b>3,921.21</b>

**Current**

Statutory liability	5.02	1.93
Deferred income - government grant (refer note 17 (a))	179.37	-
Current maturities of unearned income under land lease/ infrastructure usage agreements	97.70	189.65
Advance from customers	0.77	0.23
	<b>282.86</b>	<b>191.81</b>

**16 Trade payables**

	As at March 31, 2018 ₹ in Lacs	As at March 31, 2017 ₹ in Lacs
Trade payables	3.24	7.35
Payables to related parties	5.21	0.93
	<b>8.45</b>	<b>8.28</b>

**17 Revenue from operations**

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Interest on land lease, upfront premium and deferred infrastructure income	193.94	206.20
Government grant income (refer note (a) below)	179.37	179.37
Operating and maintenance income	54.66	44.20
	<b>427.97</b>	<b>429.77</b>

a) **Government grant income**

The Company has received Government Grant amounting to ₹ 4000.00 lacs from Government of India , Ministry of Textiles. Following is the movement of government grant during the year :

	₹ in Lacs	
	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
<b>At 1st April</b>		
Received during the year	2,646.32	2,825.69
Released to the statement of profit and loss	(179.37)	(179.37)
<b>At 31 March (refer note 15)</b>	<b>2,466.95</b>	<b>2,646.32</b>
Current	179.37	-
Non-current	2,287.58	2,646.32
	<b>2,466.95</b>	<b>2,646.32</b>

b) **Asset given under finance lease**

The company has given land & building on finance lease to various parties. The company has also received one-time income of upfront premium of ₹ 886 per Sq. mtr for use of land & building by the customers.

Future minimum lease receivables under finance leases together with the present value of the net minimum lease payments receivable ("MLPR") are as follows:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Gross investment in the lease	Present value of MLPR	Gross investment in the lease	Present value of MLPR
Within one year	147.93	136.66	147.93	136.66
After one year but not later than five years	591.73	450.12	591.73	450.12
More than five years	1,294.41	603.11	1,442.35	739.76
<b>Total minimum lease receivables</b>	<b>2,034.07</b>	<b>1,189.89</b>	<b>2,182.01</b>	<b>1,326.54</b>
Less: Amounts representing finance charges	(844.18)	-	(855.47)	-
<b>Present value of minimum lease receivables</b>	<b>1,189.89</b>	<b>1,189.89</b>	<b>1,326.54</b>	<b>1,326.54</b>

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financials statements for the year ended March 31, 2018**

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
<b>18 Other income</b>		
Interest income	14.15	0.39
<b>Total other income</b>	<b>14.15</b>	<b>0.39</b>
<b>19 Cost of land and infrastructure development</b>		
Cost of land leased / sub-leased	259.14	259.14
	<b>259.14</b>	<b>259.14</b>
<b>20 Employee benefit expense</b>		
Salaries and wages	6.21	6.47
Gratuity (refer note 29)	0.17	0.19
Staff welfare expenses	0.49	0.08
	<b>6.87</b>	<b>6.74</b>
<b>21 Finance costs</b>		
<b>Interest on</b>		
Fixed loans	194.04	17.36
Others	0.08	-
	<b>194.12</b>	<b>17.36</b>
<b>22 Other expenses</b>		
Insurance (net of reimbursement)	0.41	0.10
Other repairs and maintenance (net of reimbursement)	-	0.68
Legal and professional expenses	0.66	1.51
Payment to auditors ( refer note (a) below)	1.00	1.12
Horticulture expenses	10.55	2.67
Security expenses	9.20	-
Electric power expenses	3.07	1.35
Miscellaneous expenses	3.57	6.38
	<b>28.46</b>	<b>13.81</b>

**Note: (a)**

**Payment to auditor**

**As auditor:**

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Audit fee	1.00	0.70
Tax audit Fee	-	0.10
Certification fees	-	0.32
	<b>1.00</b>	<b>1.12</b>

**23 Income tax**

The major component of income tax expenses for the year ended March 31, 2018 and March 31, 2017 are as under

**a) Profit and Loss Section**

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	-	-
<b>Tax expense reported in the statement of profit and loss</b>	<b>-</b>	<b>-</b>

**b) Balance sheet section**

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Advance tax	16.61	9.90
	<b>16.61</b>	<b>9.90</b>

**c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017**

	March 31, 2018		March 31, 2017	
	%	₹ in Lacs	%	₹ in Lacs
<b>Accounting profit/(loss) before taxation</b>		<b>(573.46)</b>		<b>(392.36)</b>
<b>Tax using the company's domestic rate</b>	25.75%	(147.67)	29.87%	(117.20)
<b>Tax effect of :</b>				
Unrecognised tax credit of current year	24.39%	(139.87)	24.91%	(97.72)
Other timing differences	1.36%	(7.80)	4.96%	(19.48)
<b>Income tax expenses charged to profit and loss</b>		<b>-</b>		<b>-</b>

**Mundra SEZ Textile And Apparel Park Private Limited**  
Notes to Financial statements for the year ended March 31, 2018

**d) Deferred tax liability (net)**

**Balance Sheet as at**

**Deferred tax liabilities**

Liability on accelerated depreciation for tax purpose  
Land lease receivable

**Deferred tax assets**

Employee benefits  
other non-deductible expenses  
Unabsorbed loss & carry forward Depreciation

**Deferred tax liability (net)**

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Liability on accelerated depreciation for tax purpose	636.41	705.21
Land lease receivable	309.37	396.24
Employee benefits	0.45	0.39
other non-deductible expenses	22.67	22.27
Unabsorbed loss & carry forward Depreciation	922.66	1,078.79
<b>Deferred tax liability (net)</b>	<b>-</b>	<b>-</b>

Deferred tax asset has been recognised to the extent Deferred Tax Liability in respect of remaining unabsorbed depreciation or carried forward losses as they may not be used to offset taxable profits of the company in future years and there are no other tax planning opportunities or other evidences of recoverability in the near future.

**24 Earnings per share**

(Loss) attributable to equity shareholders of the Company  
Weighted average number of equity shares  
Basic and diluted earning per share (in ₹)

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
(Loss) attributable to equity shareholders of the Company	(573.46)	(392.36)
Weighted average number of equity shares	47.66	47.66
Basic and diluted earning per share (in ₹)	(12.03)	(8.23)

**25 Financial Instruments, Financial Risk and Capital Management**

**25.1 Category-wise classification of financial instruments:**

₹ In Lacs

Particulars	Refer note	As at March 31, 2018			
		Fair value through other comprehensive income	Fair value through other profit & loss	Amortised cost	Carrying value
<b>Financial asset</b>					
Trade receivables	7	-	-	10.81	10.81
Cash and cash equivalents	8	-	-	13.75	13.75
Others financial assets	4	-	-	1,191.26	1,191.26
<b>Total</b>		-	-	<b>1,215.82</b>	<b>1,215.82</b>
<b>Financial liabilities</b>					
Borrowings	12	-	-	3,127.00	3,127.00
Trade payables	16	-	-	8.45	8.45
Other financial liabilities	13	-	-	253.79	253.79
<b>Total</b>		-	-	<b>3,389.24</b>	<b>3,389.24</b>

₹ In Lacs

Particulars	Refer note	As at March 31, 2017			
		Fair value through other comprehensive income	Fair value through other profit & loss	Amortised Cost	Carrying value
<b>Financial asset</b>					
Trade receivables	7	-	-	42.69	42.69
Cash and cash equivalents	8	-	-	0.45	0.45
Other bank balance	9	-	-	0.31	0.31
Others financial assets	4	-	-	1,327.91	1,327.91
<b>Total</b>		-	-	<b>1,371.36</b>	<b>1,371.36</b>
<b>Financial liabilities</b>					
Borrowings	12	-	-	-	-
Trade payables	16	-	-	8.28	8.28
Other financial liabilities	13	-	-	3,126.25	3,126.25
<b>Total</b>		-	-	<b>3,134.53</b>	<b>3,134.53</b>

**25.2 Financial instrument measured at amortised cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**25.3 Financial risk objective and policies**

The Company's principal financial liabilities, 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, credit risk and liquidity risk).

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 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.

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financial statements for the year ended March 31, 2018**

**(i) 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), including deposits with banks 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. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with banks.

**(ii) Concentrations of Credit risk form part of credit risk**

Considering that the Company has provided land on lease and related infrastructure facilities to few companies to develop at Mundra, the Company is significantly dependent on them. A loss of any of these customers could adversely affect the operating result or cash flow of the Company.

**(iii) 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 asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents.

The table below analysis derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ In Lacs								
Contractual maturities of financial liabilities as at March 31, 2018	Refer Note	On demand	within 1 year	Over 1 year Within 3 years	Over 3 year Within 5 years	Over 5 year	Total	
Borrowings	12	-	-	-	3,127.00	-	3,127.00	
Other financial liabilities	13	-	252.82	-	-	0.97	253.79	
Trade and other payables	16	-	8.45	-	-	-	8.45	
<b>Total</b>		-	<b>261.27</b>	-	<b>3,127.00</b>	<b>0.97</b>	<b>3,389.24</b>	

₹ In Lacs								
Contractual maturities of financial liabilities as at March 31, 2017	Refer Note	On demand	within 1 year	Over 1 year Within 3 years	Over 3 year Within 5 years	Over 5 year	Total	
Borrowings (including current maturities of long-term Debt)	12	-	3,105.00	-	-	-	3,105.00	
Other financial liabilities	13	-	21.25	-	-	-	21.25	
Trade and other payables	16	-	8.28	-	-	-	8.28	
<b>Total</b>		-	<b>3,134.53</b>	-	-	-	<b>3,134.53</b>	

**25.4 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.

₹ In Lacs			
Particulars	Refer note	March 31, 2018	March 31, 2017
Total borrowings (includes current maturities of long term borrowings)	12,13	3,127.00	3,105.00
Less: cash and cash equivalents	8	13.75	0.45
Net debt (A)		<b>3,113.25</b>	<b>3,104.55</b>
Total equity (B)	10,11	<b>(1,937.36)</b>	<b>(1,363.92)</b>
Total equity and net debt (C = A + B)		<b>1,175.89</b>	<b>1,740.63</b>
Gearing ratio		264.76%	178.36%

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

**26 Contingent liabilities not provided for**

Based on the information available with the Company, there is no contingent liability as at March 31, 2018.

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financials statements for the year ended March 31, 2018**

27 As at March 31, 2018, the Company has incurred net loss of ₹ 573.44 lacs ( March 31, 2017 ₹ 392.16 lacs) and has accumulated losses of ₹ 2,413.92 lacs (March 31, 2017 ₹ 1,840.48 lacs) which has resulted in substantial erosion of the Company's net worth. Adani Ports and Special Economic Zone Limited, the Holding Company has undertaken to provide such financial support as necessary, to enable the Company to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these financial results have been prepared on a 'going concern' basis.

**28 Segment information**

The Company is primarily engaged in one business segment, namely set up an Integrated Textile and apparel Park within Mundra SEZ with main objective of providing infrastructure facilities to the units in the Special Economic Zone with specific emphasis on textile & Apparel Sector as determined by chief operational decision maker, in accordance with Ind AS - 108 "Segment Reporting".

Considering the inter relationship of various activities of the business, the chief operational decision maker monitors the operating results of its business segment on overall basis.

**29 Disclosures as required by Ind AS - 19 employee benefits**

The company has a defined gratuity plan which is unfunded. 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 following tables summaries the component of the net benefits expense recognised in the statement of profit and loss account and amounts recognized in the balance sheet for the respective plan.

**Gratuity**

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

Particulars	₹ in Lacs	
	March 31, 2018	March 31, 2017
Present value of the defined benefit obligation at the beginning of the year	0.87	0.88
Current service cost	0.10	0.12
Interest cost	0.07	0.07
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	(0.03)	(0.22)
- experience variance	0.01	0.02
Present value of the defined benefit obligation at the end of the year	<b>1.02</b>	<b>0.87</b>

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

Contribution to	₹ in Lacs	
	March 31, 2018	March 31, 2017
Present value of the defined benefit obligation at the end of the year	1.02	0.87
Amount recognised in the balance sheet	(1.02)	(0.87)
Net (liability)/asset - Current	(0.02)	(0.01)
Net (liability)/asset - Non-current	(1.00)	(0.86)

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

Particulars	₹ in Lacs	
	March 31, 2018	March 31, 2017
Current service cost	0.10	0.12
Interest cost on benefit obligation	0.07	0.07
Total Expense	<b>0.17</b>	<b>0.19</b>

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

Particulars	₹ in Lacs	
	March 31, 2018	March 31, 2017
Actuarial (gain)/losses arising from		
- change in financial assumptions	(0.03)	(0.22)
- experience variance	0.01	0.02
Recognised in comprehensive income	<b>(0.02)</b>	<b>(0.20)</b>

**e) Maturity profile of defined benefit obligation**

Particulars	March 31, 2018	March 31, 2017
Weighted average duration (based on discounted cash flows)	13 years	14 years

**f) 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			
	1% Increase	1% Decrease	1% Increase	1% Decrease
Sensitivity level	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Impact on defined benefit obligations	(0.12)	0.14	(0.11)	0.12

Particulars	March 31, 2018		March 31, 2017	
	Salary Growth rate			
	1% Increase	1% Decrease	1% Increase	1% Decrease
Sensitivity level	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Impact on defined benefit obligations	0.14	(0.12)	0.12	(0.11)

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financial statements for the year ended March 31, 2018**

Particulars	March 31, 2018		March 31, 2017	
	Attrition rate			
Sensitivity level	50% Increase of attrition rate	50% Decrease of attrition rate	50% Increase of attrition rate	50% Decrease of attrition rate
Impact on defined benefit obligations	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
	*-	*-	*-	*-

Particulars	March 31, 2018		March 31, 2017	
	Mortality rate			
Sensitivity level	10% Increase of mortality rates	10% Decrease of mortality rates	10% Increase of mortality rates	10% Decrease of mortality rates
Impact on defined benefit obligations	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
	*-	*-	*-	*-

\* Figures being nullified on conversion to ₹ in lacs.

**Sensitivity analysis method**

The sensitivity analysis 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.

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

Particulars	₹ in Lacs	
	March 31, 2018	March 31, 2017
Discount rate	7.80%	7.60%
Rate of escalation in salary (per annum)	7.00%	7.00%
Mortality	As per table of sample mortality from India Assured Lives Mortality (2006-08)	As per table of sample mortality from India Assured Lives Mortality (2006-08)
Attrition rate	10% for 5 years & below and 1% thereafter	10% for 5 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.

**h) The expected cash flows of defined benefit Obligation over future periods (Valued on Undiscounted Basis)**

Particulars	₹ in Lacs	
	March 31, 2018	March 31, 2017
Within the next 12 months (next annual reporting period)	0.02	0.01
Between 2 and 5 years	0.07	0.06
Between 5 and 10 years	0.14	0.11
Beyond 10 years	2.65	2.37
<b>Total expected payments</b>	<b>2.87</b>	<b>2.56</b>

**30** As per the company there are no supplier being covered under the Micro, Small and Medium Enterprises Development Act 2006. Accordingly no information is required to be reported in the financial statements.

**31 Event occurred after the balance sheet date**

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of April 27, 2018, there were no subsequent events to be recognised or reported that are not already disclosed.

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financials statements for the year ended March 31, 2018**

**32 Standard 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.

**(a) Amendments to Ind AS 7 statement of cash flows: disclosure initiative**

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for current period.

Disclosure under Para 44A as set out in Ind AS 7 on cash flow statements under Companies (Indian accounting standards) rules, 2017 (as amended).

**Changes in liabilities arising from financing activities**

Particulars	₹ in Lacs				
	April 1, 2017	Cash flows	Foreign exchange management	other	March 31, 2018
Long-term borrowings (including current maturities of long term debt)	3,105.00	22.00	-	-	3,127.00
Interest accrued but not due on borrowings	15.63	(35.04)	-	194.04	174.63
<b>TOTAL</b>	<b>3,120.63</b>	<b>(13.04)</b>	<b>-</b>	<b>194.04</b>	<b>3,301.63</b>

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financials statements for the year ended March 31, 2018**

**33 Related party disclosures**

The Management has identified the following entities and individuals as related parties of the Company for the year ended March 31, 2018 for the purposes of reporting as per IND AS 24 – Related party transactions, which are as under:

Criteria	Name of the Company
Holding company	Adani Ports and Special Economic Zone Limited
Fellow subsidiary	MPSEZ Utilities Private Limited

**Notes:**

(i) The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions are entered into by the Company with the related parties during the existence of the related party relationship.

(ii) Aggregate of transactions for the year ended with these parties have been given below.

₹ in Lacs

Particulars	Holding Company	Fellow Subsidiary
	Adani Ports and Special Economic Zone Limited	MPSEZ Utilities Private Limited
<b>(A) Transactions</b>		
<b>Inter-corporate deposit taken</b>		
2017-18	267.00	-
2016-17	381.00	-
<b>Inter-corporate deposit repaid</b>		
2017-18	245.00	-
2016-17	175.00	-
<b>Annual lease rent and infrastructure usages charges</b>		
2017-18	259.14	-
2016-17	259.14	-
<b>Interest on intercorporate deposit</b>		
2017-18	194.04	-
2016-17	17.36	-
<b>Water charges</b>		
2017-18	6.67	0.56
2016-17	9.80	-
<b>Electricity charges</b>		
2017-18	(1.05)	9.82
2016-17	-	7.89
<b>Repair and maintenance</b>		
2017-18	-	0.25
2016-17	2.74	0.65
<b>Land tax</b>		
2017-18	(1.15)	-
2016-17	1.64	-
<b>Rent income</b>		
2017-18	9.89	2.90
2016-17	-	2.33
<b>Other income</b>		
2017-18	0.94	-
2016-17	-	-
<b>(B) Balance at the end of the year</b>		
<b>Dues payable</b>		
2017-18(Unsecured loan)	3,127.00	-
2016-17(Unsecured loan)	3,105.00	-
2017-18 (Other dues)	179.85	0.93
2016-17 (Other dues)	17.23	0.77
<b>Receivable</b>		
2017-18 - Deposit - others	-	1.12
2016-17 Deposit - others	-	1.12
2017-18 Trade receivable	2.24	2.26
2016-17 Trade receivable	-	0.55

**Mundra SEZ Textile And Apparel Park Private Limited**  
**Notes to Financials statements for the year ended March 31, 2018**

**Terms and conditions of transactions with related parties**

Outstanding balances of related parties at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**As per our report of even date**

**For G.K.Chokshi & Co.**  
**ICAI Firm Registration No.: 101895W**  
Chartered Accountants

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

**Sandip A Parikh**  
Partner  
Membership No. 40727

**Jai Khurana**  
Director  
DIN: 05140233

**Ravi Iyer**  
Director  
DIN: 02609800

**Place: Ahmedabad**  
**Date: April 27, 2018**

**Place: Ahmedabad**  
**Date: April 27, 2018**