

# **ANNUAL REPORT 2010-11**

## **MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED**

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors present herewith Sixth Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2011.

**Operations:**

During the year under review three units commenced operation and two units are at various stages of construction. Employment generation in Park is over 240.

Ahlstrom Fibrecomposites India Pvt. Ltd. have exported Medical Textiles for Rs. 70 crores from their unit in the Park which is created at an investment of Rs. 270 crores (FDI – Rs. 150 crores) during the Phase – I.

Skaps Industries (I) Pvt. Ltd. have exported Geotextiles from the Park amounting to Rs. 43 crores.

Terram Geosynthetics Pvt. Ltd. has invested Rs. 62 crores in their plant and has commenced production trials.

**Financial Highlights:**

During the year under review total income earned is Rs. 3.56 crores against expenditure of Rs. 5.80 crores including depreciation amounting to Rs. 3.30 crores. The Net Loss after tax during the year under review is Rs. 2.24 crores.

**Dividend:**

Due to inadequate profit, your Directors do not recommend any dividend.

**Fixed Deposits:**

During the year under review, your Company has not accepted any deposits from the Public.

**Holding Company:**

Your Company is a subsidiary of Mundra Port and Special Economic Zone Limited (MPSEZL).

During the year under review, it has become step down subsidiary of Adani Enterprises Limited (AEL) pursuant to section 4 of the Companies Act, 1956 due to merger of erstwhile Holding Company Adani Infrastructure Services Pvt. Ltd. (AISPL) into AEL.

**Directors:**

As per Section 256 of the Companies Act, 1956; Mr. Pankaj Modi is liable to retire by rotation and being eligible offer himself for reappointment. Board recommends the appointment of the Director of the Company.

**Directors' Responsibility Statement:**

Pursuant to the requirements under 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors hereby confirm the following:

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

**Auditors:**

The Company's Auditors M/s Shah & Shah Associates, Chartered Accountants, Ahmedabad, will retire on the conclusion of forthcoming Annual General Meeting and being eligible, have expressed their willingness for reappointment.

**Auditors' Report:**

Notes forming part of accounts are self-explanatory and therefore, do not call for any comments.

**Compliance Certificate:**

In accordance with section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001 the Company has obtained a certificate from a Secretary in whole time practice confirming that the Company has complied with the provisions of the Companies Act, 1956 and copy of such certificate is annexed to and is part of this report.

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

In view of the nature of activities which are being carried on by the company, provisions of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively are not applicable to the Company. There has been no foreign exchange earning or outgo during the year under review.

**Personnel:**

The particulars of employees as required by Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 as amended is not given as no employee is in receipt of remuneration as required by section 217(2A) of the Companies Act, 1956.

**Acknowledgement:**

Your Directors wish to place on record to express their thanks to the Government Agencies, Banks and all other personnel.

**For & on behalf of the Board of Directors**

**Date: May 6, 2011**

**Place: Ahmedabad**

**Pankaj Modi  
Chairman**

**COMPLIANCE CERTIFICATE**

Registration No. of the Company: U74999GJ2005PTC046978  
Nominal Capital: Rs. 50,000,000/-

To,  
The Members,  
MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED  
Ahmedabad

We have examined the registers, records, books and papers of MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31.03.2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents and certificate of the management, we certify that in respect of the aforesaid financial year that:

- 1) The Company has kept and maintained registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made there under and all entries have been duly recorded.
- 2) The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities.
- 3) The company being a private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year were 16 excluding its present and past employees and the company during the year under scrutiny:
  - has not invited public to subscribe for its shares or debentures;  
and
  - has not invited or accepted any deposits from persons other than its members, directors or their relatives.
- 4) The Board of Directors duly met 4 times on 06.05.10, 06.08.10, 23.12.10 and 28.03.11 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- 5) The Company was not required to close its Register of Members and / or Debenture holders in terms of Section 154 of the Act during the year.
- 6) The Annual General Meeting of the Company for the financial year ended on 31.03.2010 was held on 06.08.2010 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
- 7) No extra ordinary general meeting was held during the financial year.
- 8) The Company has not advanced any loan to its directors and / or persons or firms or companies referred in the Section 295 of the Act.

- 9) The Company has not entered into any contracts falling within the purview of Section 297 of the Companies Act, 1956.
- 10) The company has maintained register as required under Section 301 of the Companies Act, 1956
- 11) As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or the Central Government, as the case may be.
- 12) The Company has not issued any duplicate share certificates.
- 13) the Company has:
- a) delivered all the certificates on allotment of securities and on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
  - b) deposited the amount of dividend declared including interim dividend in a separate Bank Account on \_\_\_\_\_, which is within five days from the date of declaration of such dividend – **Not Applicable.**
  - c) paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company with \_\_\_\_\_ (Bank) on \_\_\_\_\_ – **Not Applicable.**
  - d) transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund – **Not Applicable.**
  - e) duly complied with the requirements of Section 217 of the Act.
- 14) The Board of directors of the company is duly constituted and there was appointment of Additional Director during the financial year.
- 15) The company is not required to appoint Managing Director / Whole-time Director / Manager in the Company.
- 16) The Company has not appointed any sole-selling agents under the provisions of the Act.
- 17) The company was not required to obtain approval of the Central Government for change of name and the company was not required to obtain the approval of Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
- 18) The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- 19) The Company has made allotment on 06.05.2010 of 3,88,200 equity shares of Rs. 10/- each during the year under review.
- 20) The Company has not bought back shares during the financial year ending 31.03.2011.

- 21) The Company has not redeemed preference shares / debentures during the year.
- 22) There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
- 23) The Company has not accepted any deposits in terms of the provisions of Section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 / the applicable directions issued by the Reserve Bank of India / any other authority.
- 24) The borrowing made by the Company during the financial year was not excess of limits prescribed under the provision of section 293(1)(d) of the Act.
- 25) The Company has not advanced any inter corporate loan and provisions of Section 372A of the Companies Act, 1956 are not applicable to the company being Infrastructure Company.
- 26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
- 27) The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
- 28) The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny and complied with the provisions of the Act.
- 29) The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
- 30) The Company has not altered its Articles of Association during the year under scrutiny.
- 31) There is no prosecution initiated against or show cause notices received by the Company for any offences under the Act
- 32) The Company has not received any security from its employees during the year under certification.
- 33) The Company has not constituted provident fund for its employees under the provisions of Section 418 of the Act.

**Place : Ahmedabad**  
**Date : May 6, 2011**

**Name of Company Secretary : Chirag Shah**  
**C. P. No. : 3498**

**Annexure 'A'**

**Registers maintained by the Company:**

1. Register of Application & Allotment of shares.
2. Register of Members u/s. 150.
3. Register of Directors, Managing Director, etc. u/s. 303.
4. Register of Directors' Shareholding u/s. 307.
5. Register of contracts, companies and firm in which Directors of the company are interested u/s 301(3) of the companies Act.1956.
6. Books of accounts u/s. 209.
7. Minutes of the meetings of the Board of Directors.
8. Minutes of the General Meetings.

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**Annexure 'B'**

**Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31/03/2011:**

- 1) Form No. 20B Annual Return u/s. 159(1) filed on 14.09.2010 for the financial year 2009-10
- 2) Form No. 23AC & 23ACA Balance Sheet u/s. 220 (1) filed on 03.09.2010 for the financial year 2009-10.
- 3) Form No. 2 filed on 20.05.2010 for Allotment of shares on 06.05.2010.
- 4) Form No. 32 for Appointment and Cessation of Director filed on 03.04.2010.
- 5) Form No. 32 for Cessation of Director filed on 12.04.2010.
- 6) Form No. 32 for Appointment of Director filed on 23.04.2010.
- 7) Form No. 32 for Appointment of Secretary filed on 05.05.2010.
- 8) Form No. 32 for Appointment of Director filed on 20.05.2010.
- 9) Form No. 32 for Cessation of Director filed on 28.05.2010.
- 10) Form No. 32 for Change in designation of Director filed on 03.09.2010.
- 11) Form No. 32 for Cessation of Secretary filed on 16.12.2010.

**Place : Ahmedabad**

**Date : May 6, 2011**

**Name of Company Secretary**

**C. P. No.**

**: Chirag Shah**

**: 3498**

**AUDITORS' REPORT**

To,  
The Members of  
MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED.

1. We have audited the attached Balance Sheet of MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED, as at 31<sup>st</sup> March, 2011, the Profit & Loss account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the annexure, a statement on the matters specified in paragraphs 4 of the said order.

Further to our comments in the annexure referred to in paragraph 3 above we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of these books
- (iii) The Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies 1956.

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes thereon give the information required by the Companies Act,1956 , in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March,2011;
  - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

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

**Place : Ahmedabad  
Dated : May 6,2011**

**PARTNER  
(VASANT C.TANNA)  
Membership No. 100422**

**Annexure to the Auditors' Report**

**Re: MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED**

**(Referred to in paragraph 3 of our report of even date)**

1. In respect of its fixed assets:
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As informed to us, the fixed assets have been physically verified by the management during the year and according to information and explanations given to us no discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, the company has not disposed off a substantial part of fixed assets.
2. The company is engaged in the business of rendering of services by way of Lease/ sub lease of land, Factory Buildings and infrastructure usage facilities and does not maintain any type of inventories. Therefore, the provisions of clause 4(ii) of the paragraph are not applicable to the company.
3. The company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (a) to (g) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for rendering of services by way of lease of building, sub lease of land and infrastructure usage facilities. During the course of our audit, no major weakness has been noticed in the internal control system.
5. Based on the examination of the books of accounts and related records and according to the information and explanations provided to us, there are no contracts or arrangements with Companies, firms or other parties which need to be listed in the register maintained under section 301 of the Companies Act, 1956.
6. The company has not accepted deposits from public within the meaning of Section 58A and Section 58AA of the Companies Act, 1956.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of business.
8. In respect of the Company's business/activities, the central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.

9. According to the information and explanations given to us in respect of statutory and other dues:
  - (a) As explained to us the company is regular in depositing with appropriate authorities undisputed applicable statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and other statutory dues. According to the information and explanations given to us, no undisputed amounts payable in respect aforesaid statutory dues were outstanding, as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
10. The accumulated losses of the company at the end of the financial year are less than fifty percent of its net worth and it has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. According to the records of the company examined by us and as per the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provision of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions during the year.
16. The company has not raised the funds by way of term loan and therefore no comments have been made for clause 4(xvi) of the said order.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of The Companies Act, 1956 during the year.

**MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED**



19. The company has not issued any debentures.
20. The company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported by the company during the year.

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

**Place : Ahmedabad  
Dated : May 6, 2011**

**PARTNER  
(VASANT C.TANNA)  
Membership No. 100422**

**BALANCE SHEET AS AT 31ST MARCH, 2011**

Particulars	Schedule	Amount Rupees	As at 31/03/2011 Rupees	Amount Rupees	As at 31/03/2010 Rupees
<b><u>SOURCES OF FUNDS:</u></b>					
<b><u>Share Holders' Funds:</u></b>					
Share Capital	1	47,656,000		43,774,000	
Reserves & Surplus	2	360,000,000	407,656,000	360,000,000	403,774,000
Share Application Money (Pending Allotment)			1,416,100		5,298,100
Amount Received under Long Term Lease/Sub Lease/Infrastructure Usage Agreements (See Note 3 of Schedule 11)	3		390,387,996		290,579,269
Unsecured Loan	4		45,000,000		-
<b>TOTAL</b>			<b>844,460,096</b>		<b>699,651,369</b>
<b><u>APPLICATION OF FUNDS</u></b>					
<b><u>Fixed Assets:</u></b>					
Gross Block (At Cost)	5	1,075,548,036		695,618,105	
Less : Depreciation		80,855,419		47,853,766	
Net Block			994,692,617		647,764,339
<b>Current Assets, Loans &amp; Advances</b>	6	3,926,007		95,502,439	
<b>Less: Current Liabilities &amp; Provisions</b>	7	195,109,047		62,268,983	
<b><u>Net Current Assets</u></b>			(191,183,040)		33,233,456
<b><u>Miscellaneous Expenditure :</u></b> (To the Extent not Written Off or Adjusted)	8		174,778		262,166
<b><u>Profit &amp; Loss Account:</u></b> Balance as per Annexed Account			40,775,741		18,391,408
<b>TOTAL</b>			<b>844,460,096</b>		<b>699,651,369</b>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES FORMING PART OF ACCOUNTS</b>	11				

AS PER OUR REPORT ATTACHED.

For SHAH & SHAH ASSOCIATES  
Chartered AccountantsPARTNER  
(VASANT C.TANNA)  
Membership No.100 422PLACE: AHMEDABAD  
DATED: MAY 6, 2011For, MUNDRA SEZ TEXTILE AND APPAREL  
PARK PRIVATE LIMITEDPANKAJ MODI  
DIRECTORRAVI IYER  
DIRECTORPLACE: AHMEDABAD  
DATED: MAY 6, 2011

**PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	Schedule	For the Year Ended 31/03/2011 Rupees	For the Year Ended 31/03/2010 Rupees
<b><u>INCOME:</u></b>			
Income from operations	9	33,361,023	29,060,268
Interest Received (Gross)		2,232,343	747,313
Dividend Received		-	277,928
Excess Provision written Back		3,965	3,605
Miscellaneous Income		-	1,000
<b>TOTAL</b>		<b>35,597,331</b>	<b>30,090,114</b>
<b><u>EXPENDITURE</u></b>			
Operating & Administrative Expenses	10	24,980,010	23,432,805
Depreciation & Amortisation		33,001,654	20,228,031
<b>TOTAL</b>		<b>57,981,664</b>	<b>43,660,836</b>
<b>Loss For the year before Taxation</b>		22,384,333	13,570,722
<b><u>Less: Provision For Taxation</u></b>			
Provision/Short Provision of Fringe Benefit Tax		-	(30)
<b>Net Loss for the Year</b>		<b>22,384,333</b>	<b>13,570,752</b>
<b>Add:Balance of Loss brought forward from Previous Year</b>		18,391,408	4,820,655
<b>Balance Carried to Balance Sheet</b>		<b>40,775,741</b>	<b>18,391,408</b>
Basic and diluted Earning per Share (Rs.) (See Note 9 )		(4.74)	(3.23)
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES FORMING PART OF ACCOUNTS</b>	11		

AS PER OUR REPORT ATTACHED.

For SHAH & SHAH ASSOCIATES  
Chartered AccountantsPARTNER  
(VASANT C.TANNA)  
Membership No.100 422PLACE: AHMEDABAD  
DATED: MAY 6, 2011For, MUNDRA SEZ TEXTILE AND APPAREL  
PARK PRIVATE LIMITEDPANKAJ MODI  
DIRECTORRAVI IYER  
DIRECTORPLACE: AHMEDABAD  
DATED: MAY 6, 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the Year ended on 31/03/2011 (Rs.)	For the Year ended on 31/03/2010 (Rs.)
<b>A Cash Flow from Operating Activities</b>		
<b>Net Loss before taxation and extraordinary items</b>	(22,384,333)	(13,570,722)
<b>Adjustments for:</b>		
Depreciation	33,001,654	20,228,031
Preliminary Expenses Written Off	87,389	87,389
Interest received	(2,232,343)	(747,313)
Dividend Received		(277,928)
Amortization of amounts received under Long-term lease/infrastructure usage agreements	(14,941,324)	(13,505,001)
<b>Operating Profit before working capital changes:</b>	(6,468,957)	(7,785,544)
<b>Adjustments for:</b>		
Decrease/(Increase) in Debtors	77,919	22,222,680
Decrease/(Increase) in Loans & Advances	(145,819)	16,646,799
Increase/(Decrease) in Current Liabilities	132,840,064	(36,690,769)
Increase/(Decrease) in Amount received under long term agreements	114,750,051	82,411,740
<b>Cash Flow from Operating Activities</b>	<b>241,053,258</b>	<b>76,804,906</b>
Direct Taxes Paid/tax deducted at source (Net)	(232,288)	(498,222)
<b>Net Cash Flow from Operating Activities</b>	<b>240,820,970</b>	<b>76,306,684</b>
<b>B Cash Flow From Investing Activities</b>		
Interest received	2,232,343	747,313
Dividend Received	-	277,928
Proceeds from Sale of Non Trade Investments	-	24,895,645
Purchase of Fixed Assets incl. Expenditure during construction period	(379,929,931)	(128,470,698)
<b>Net Cash Flow from Investing Activities</b>	<b>(377,697,588)</b>	<b>(102,549,812)</b>
<b>C Cash Flow From Financing Activities</b>		
Increase/(Decrease) in Unsecured Loan	45,000,000	-
Grant Received	-	120,000,000
Share Application Money received/adjusted	-	(1,218,000)
<b>Net Cash Flow from Financing Activities</b>	<b>45,000,000</b>	<b>118,782,000</b>
Net change in Cash or Cash Equivalent(A+B+C)	(91,876,619)	92,538,872
Add: Cash and Cash Equivalent at beginning of the period	93,430,833	891,961
<b>Cash and Cash Equivalent at end of the period</b>	<b>1,554,214</b>	<b>93,430,833</b>

AS PER OUR REPORT ATTACHED.

For SHAH & SHAH ASSOCIATES  
Chartered Accountants

PARTNER  
(VASANT C.TANNA)  
Membership No.100 422

PLACE: AHMEDABAD  
DATED: MAY 6, 2011

For, MUNDRA SEZ TEXTILE AND  
APPAREL PARK PRIVATE LIMITED

PANKAJ MODI  
DIRECTOR

RAVI IYER  
DIRECTOR

PLACE: AHMEDABAD  
DATED: MAY 6, 2011

## SCHEDULE FORMING PART OF THE ACCOUNTS

PARTICULARS		AS AT 31/03/2011 RUPEES	AS AT 31/03/2010 RUPEES
<b>SCHEDULE - 1</b>			
<b>SHARE CAPITAL</b>			
<b>Authorised</b> 50,00,000 Equity Shares of Rs.10/- each		50,000,000	50,000,000
<b>Issued &amp; Subscribed:</b> 47,65,600(Previous year 43,77,400) Equity Shares of Rs. 10/- each fully paid-up (Out of above 24,50,000 Equity Shares are held by the holding company Mundra Port and Special Economic Zone Limited )		47,656,000	43,774,000
<b>TOTAL</b>		<b>47,656,000</b>	<b>43,774,000</b>
<b>SCHEDULE -2</b>			
<b>RESERVES &amp; SURPLUS:</b>			
<b>Capital Reserve:</b>			
<b>Government Grant under Integrated Textile Parks Scheme of Ministry of Textiles, Government of India:</b>			
Balance as per Last Balance Sheet		360,000,000	240,000,000
Add: Received during the year.		-	120,000,000
<b>TOTAL</b>		<b>360,000,000</b>	<b>360,000,000</b>
<b>SCHEDULE -3</b>			
<b>Amount Received under Long Term Lease/Sub Lease/Infrastructure Usage Agreements (See Note 3 of Schedule 11)</b>			
Balance as per last Balance Sheet		290,579,269	221,672,530
Add: Amount received during the year		114,750,051	82,411,740
Less: Transferred to Income from Operations		14,941,324	13,505,001
<b>TOTAL</b>		<b>390,387,996</b>	<b>290,579,269</b>
<b>SCHEDULE-4</b>			
<b>Unsecured Loan</b>			
From the Holding Company		45,000,000	-
<b>TOTAL</b>		<b>45,000,000</b>	<b>-</b>

## SCHEDULE 5

## FIXED ASSETS

Particulars	Gross Block (At cost)			Depreciation/Amortisation			Net Block	
	As at	Addition	As at	Provided	Provided	Provided	As at	As at
	01/04/2010	During the Year	31/03/2011	up to	For the Period	up to	31/03/2011	31/03/2010
	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.
Leasehold Land (See note 1© of Schedule-11)	326,333,725	-	326,333,725	40,753,066	14,032,223	54,785,289	271,548,436	285,580,659
Buildings	152,785,975	136,796,126	289,582,101	7,099,402	11,579,831	18,679,233	270,902,868	145,686,573
Office equipments	13,211	-	13,211	1,298	628	1,925	11,286	11,913
Electric Sub Station & Power Supply Network	-	104,673,180	104,673,180	-	7,388,972	7,388,972	97,284,208	-
Capital Work-in-progress (Incl. Construction Material at site and advances to suppliers of capital goods)	197,832,519	144,812,858	342,645,377	-	-	-	342,645,377	197,832,519
Expenditure during Construction (Pending Capitalization)	18,652,675	-	12,300,442	-	-	-	12,300,442	18,652,675
<b>TOTAL</b>	<b>695,618,105</b>	<b>386,282,164</b>	<b>1,075,548,036</b>	<b>47,853,766</b>	<b>33,001,654</b>	<b>80,855,419</b>	<b>994,692,617</b>	<b>647,764,339</b>
<b>PREVIOUS YEAR TOTAL</b>	<b>567,147,407</b>	<b>153,983,149</b>	<b>695,618,105</b>	<b>27,625,735</b>	<b>20,228,031</b>	<b>47,853,766</b>	<b>647,764,339</b>	<b>539,521,672</b>

## SCHEDULE FORMING PART OF THE ACCOUNTS

PARTICULARS		AS AT 31/03/2011 RUPEES	AS AT 31/03/2010 RUPEES
<b>SCHEDULE-6</b>			
<b>CURRENT ASSETS LOANS &amp; ADVANCES:</b>			
<b>{A} CURRENT ASSETS</b>			
<b>Sundry Debtors (Unsecured, Considered Good)</b>			
Debt outstanding for a period of More than six month	1,210,490		-
Debt outstanding for a period of Less than six month	-	1,210,490	1,288,409
<b>Cash and Bank Balances:</b>			
Cash on Hand	1,362		121
Balance with Schedule Bank in :			
Current Accounts	1,537,852		14,286,624
Fixed Deposits (including interest accrued thereon) (FDR of Rs.15,000/- (Previous year Rs.1,65,000/- under Lien with Government Authorities)	15,000	1,554,214	79,144,088
TOTAL :(A)		<b>2,764,704</b>	<b>94,719,242</b>
<b>{B} LOANS &amp; ADVANCES</b>			
(Unsecured, Considered good)			
Advances recoverable in cash or in kind or for value to be received		227,493	81,674
Advance tax & tax deducted at source (incl. Fringe Benefit Tax & Net of Provisions)		933,810	701,523
TOTAL :(B)		<b>1,161,303</b>	<b>783,197</b>
<b>TOTAL (A) + (B) :</b>		<b>3,926,007</b>	<b>95,502,439</b>
<b>SCHEDULE-7</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS:</b>			
<b>Current Liabilities:</b>			
Sundry Creditors (Other than Micro and Small Enterprises)		143,760,751	17,930,055
Advance against sub lease and infrastructure usage		35,479,693	32,081,418
Retention Money Deposit/Security Deposits		10,429,770	5,976,007
Other Liabilities		5,402,198	6,257,484
TOTAL :(A)		<b>195,072,412</b>	<b>62,244,964</b>
<b>Provisions:</b>			
For Employees' Retirement Benefit		36,635	24,019
TOTAL :(B)		<b>36,635</b>	<b>24,019</b>
<b>TOTAL (A) + (B) :</b>		<b>195,109,047</b>	<b>62,268,983</b>
<b>SCHEDULE-8</b>			
<b>MISCELLANEOUS EXPENDITURE :</b>			
(To the extent not written off or adjusted)			
<b>Preliminary Expenses:</b>			
Balance as per last Balance Sheet		262,166	349,555
Less: Written Off during the year		87,388	87,389
<b>TOTAL</b>		<b>174,778</b>	<b>262,166</b>

## SCHEDULE FORMING PART OF THE ACCOUNTS

PARTICULARS	RUPEES	For the Year Ended	For the Year Ended
		31/03/2011	31/03/2010
		RUPEES	RUPEES
<b>SCHEDULE - 9</b>			
<b><u>INCOME FROM OPERATIONS:</u></b>			
Annual Sub Lease Rent		15,125,797	15,555,267
Pro rata Annual Lease/ Sub Lease and Infrastructure Usage Income		14,941,324	13,505,001
Rent Received		1,294,902	-
Maintenance Charges received from Members		1,999,000	-
<b>TOTAL</b>		<b>33,361,023</b>	<b>29,060,268</b>
<b>SCHEDULE -10</b>			
<b><u>OPERATING &amp; ADMINISTRATIVE EXPENSES:</u></b>			
Annual Lease Rent		5,645,136	5,647,838
Annual Infrastructure Usage Charges		16,935,408	16,943,515
Power & Fuel		255,898	-
Water Charges		798,126	-
Landscaping Charges		463,810	-
Rates and Taxes		125,887	125,887
Salary, Wages and Bonus		288,456	214,169
<b><u>Repairs &amp; Maintenance:</u></b>			
to Plant & Machinery	3,325		-
to Building	26,500		-
		29,825	-
Printing, Stationery & Telephone Expenses		8,950	6,555
Legal And Professional Fees		102,497	60,132
<b><u>Payment to Auditors:</u></b>			
For Audit Fees	30,000		33,090
For Tax Audit Fees	10,000		5,515
For Other services	1,655		5,000
		41,655	43,605
Travelling & Conveyance Expenses		119,770	224,169
Preliminary Expenses Written Off		87,389	87,389
General Charges		77,203	79,546
<b>TOTAL</b>		<b>24,980,010</b>	<b>23,432,805</b>

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**SCHEDULE - 11**

**Background:**

The company was promoted by Mundra Special Economic Zone Limited (Now Merged with 'Mundra Port and Special Economic Zone Ltd.) The Company is a co-developer of and is in the process of Setting up an Integrated Textile Park under the scheme of Ministry of Textiles, Govt. of India in Special economic Zone, Mundra, Kutch District of Gujarat.

**1 Statement of Significant Accounting Policies :**

**a) Basis of Preparation**

The financial statements of the company have been prepared under historical cost convention and in accordance of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 with the Generally Accepted Accounting Principles (GAAP) in India, the Accounting Standards issued by the Institute

**b) Use of estimates**

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of Contingent liabilities at the date of the financial statements and the result of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c) Fixed assets:**

Fixed assets are stated at cost less accumulated Depreciation/Amortisation. Cost comprises the purchase price all incidental expenses incurred to bringing the assets to its working condition for its intended use. Borrowing cost related to the acquisition or construction of the qualified fixed assets for the period up to completion of their acquisition or construction are capitalized.

Cost of Leasehold Land includes leasehold improvements and infrastructure development charges.

Expenditure during construction period will be appropriated towards fixed assets in the year of completion of the project.

**d) Depreciation:**

(i) Depreciation on Fixed Assets other than lease hold land and leasehold improvements is provided on straight line method (SLM) at the rates prescribed under Schedule-XIV of The Companies Act, 1956 or at the rates determined on the basis of useful lives of the respective assets or amounts calculated on the basis of lease period, whichever is highest.

(ii) Cost ( one time upfront premium) of lease hold land and leasehold improvements are equally amortised over the period of lease.

**e) Government Grant:**

Government Grants available to the enterprise are accounted where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

In accordance with the Accounting Standard 12 "Accounting for Government Grants" - Grant in the nature of capital subsidy are credited to the Capital Reserves and shown under the head Reserves & Surplus.

**f) Investments:**

Investments that are readily realizable and not intended to be held for not more than a year are classified in to current All other Investments are classified as long-term investment. Current investment are stated at the lower of cost and Fair value. Long term investment are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investment.

**g) Revenue Recognition**

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, 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.

**h) Income Taxes**

Tax expenses comprises Provision for current tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act.

**i) Miscellaneous Expenditure**

Preliminary expenses amortised equally over a period of 5 years from the year of commencement of commercial Operations.

j) Gratuity liability and Liability for Leave Encashment is provided for on accrual basis.

**2 Contingent Liabilities:**

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account Rs.170.67 Lacs (Previous Year Rs. 1125.10 Lacs)

(ii) Guarantee given by bank on behalf of the company to Specified Officer of custom for Rs.-Nil (Previous year Rs.1,50,000/-).

**3 Amounts Received under Long term Lease/Sub Lease/Infrastructure Usage Agreements:**

The company has entered in to long term agreements granting lease of factory buildings and sub leases out of its leasehold lands and/or rights to infrastructure facilities for the period of the sub leases. The company has received upfront amounts in consideration of grant of the lease of buildings and sub-leases and rights to use its infrastructure facilities. Unamortized amounts received under Long term Lease/sub leases/infrastructure usage agreements at the end of the year amounting to Rs.39,03,87,996/- (Previous year Rs.29,05,79,269) has been separately disclosed in the Balance Sheet.

4 There are no other particulars required to be shown as per requirements of part II of Schedule VI of the Companies Act,1956.

5 In the opinion of the management of the company, profits of the company earned as a developer of Integrated Textile and Apparel Park qualifies for deduction u/s.80IAB of The Income Tax Act,1961. In view of loss for the year, there will be no liability for current tax.

6 As stated in note No.5 above regarding availability of deduction u/s.80IAB of the Income Tax Act,1961 and in absence of virtual certainty that sufficient future taxable income will be available, deferred tax asset has not been recognised.

7 The company is primarily engaged in the business of developing, operating and maintaining integrated textile apparel park and related infrastructure facilities. The entire business has been considered as a single segment in terms of Accounting Standard -17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

8 Details of expenditure during construction period ( pending capitalisation) are as under :

Particulars	Up to	For the year	Up to
	31/03/2010	ending on	31/03/2011
	Amount Rs.	Amount Rs.	Amount Rs.
Travelling & Conveyance expenses	171,457	-	171,457
Legal & Professional Fees	4,239,575	-	4,239,575
Auditors' Remuneration	28,081	-	28,081
Printing and Stationery	75,944	-	75,944
Salaries	85,078	-	85,078
Depreciation & Amortisation	19,998,157	-	19,998,157
Annual Lease Rent	3,832,614	-	3,832,614
Infrastructure Usage Charges	11,497,841	-	11,497,841
Provision for Taxation (Incl.Fringe Benefit Tax)	978,668	-	978,668
Interest Paid on Unsecured Loan	610,275	203,424	813,699
Misc Expenses	476,400	-	476,400
<b>Total</b>	<b>41,994,090</b>	<b>203,424</b>	<b>42,197,514</b>
<b>Less :</b>			
Miscellaneous Income	43,000	-	43,000
Interest earned	2,948,669	-	2,948,669
Dividend	3,432,825	-	3,432,825
	<b>6,424,494</b>	<b>-</b>	<b>6,424,494</b>
			35,773,019
Less: Expenditure Capitalized during the year			23,472,577
<b>Total</b>			<b>12,300,442</b>

**MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED**

9 Earning Per Share (EPS)	2010-11	2009-2010
Opening Nos. of Equity Shares for calculating Basic & Diluted EPS	4,377,400	4,053,600
No. of Shares issued during the year	388,200	323,800
Weightage Avg. No. of shares	349,912	
Closing Nos. of Equity Shares for calculating Basic & Diluted EPS	4,727,312	4,377,400
Net Profit as per profit and Loss Account	(22,384,333)	(13,570,752)
Weighted No. of equity Shares considered for Calculating Basic & Diluted EPS	4,727,312	4,203,915
<b>Basic &amp; Diluted Earning Per Share (EPS)</b>	<b>(4.74)</b>	<b>(3.23)</b>

10 Previous year figures have been regrouped/reclassified to make them comparable with the current year figures.

**11 Disclosure in respect of Related party transaction in accordance with AS 18.**

[1] Name of the related Party	Nature of Relationship
Adani Enterprises Limited	Ultimate Holding Company
Mundra Port and Special Economic Zone Ltd.(MPSEZL)	Holding Company

**[2] Transactions with related parties :**

Nature of Transaction	2010-11	2009-10
MPSEZL(Holding Company)	<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>
Annual Lease Rent & Infrastructure Usages Charges	22,580,544	22,591,353
Unsecured Loan Obtained	45,000,000	15,000,000
Purchase of Construction Materials	1,808,945	1,726,665
Interest Paid on Unsecured Loan	203,425	610,275
Sale of Construction Materials	-	712,015
Reimbursement of Expenses	-	64,081
Water Charges Paid	801,876	-
Amount paid towards Lease Hold Land	38,196,284	-
Connectivity charges Paid for Water & Sewage System	57,053,000	-
Amount payable at the end of the year	86,440,837	-

For SHAH & SHAH ASSOCIATES

For, MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED

**PARTNER**  
**(VASANT C.TANNA)**  
(Membership No.100 422)

**PANKAJ MODI**  
**DIRECTOR**

**RAVI IYER**  
**DIRECTOR**

**PLACE: AHMEDABAD**  
**DATED: MAY 6, 2011**

**PLACE: AHMEDABAD**  
**DATED: MAY 6, 2011**

**INFORMATION PURSUANT TO THE REQUIREMENT OF PART IV OF SCHEDULE-VI  
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

1	<b>Registration Details</b>		
	Registration No.	:	46978
	State Code No.	:	4
	Balance Sheet Date	:	31/03/2011
2	<b>Capital raised during the year</b>		
	Public Issue (Issue through the prospectus)	:	NIL
	Right Issue	:	NIL
	Bonus Issue	:	NIL
	Private Placement	:	3882
3	<b>Position of Mobilisation and Deployment of Funds (Rs. in thousands)</b>		
	Total Liabilities *	:	844,460
	Total Assets	:	844,460
	<b>Sources of Funds</b>		
	Paid up Capital	:	47,656
	Share Application Money (Pending Allotment)	:	1,416
	Reserve and Surplus	:	360,000
	Secured Loans	:	-
	Unsecured Loans	:	45,000
	<b>Application of Funds</b>		
	Net Fixed Assets	:	994,693
	Investments	:	-
	Net Current Assets	:	(191,183)
	Accumulated Losses	:	40,776
	Miscellaneous Expenditure	:	174
4	<b>Performance of Company</b>		
	Turnover	:	35,597
	Total Expenditure	:	57,982
	Profit/(Loss) Before Tax	:	(22,385)
	Profit/(Loss) After Tax	:	(22,385)
	Earning per Share in Rs.	:	(4.74)
	Dividend Rate %	:	NA
5	<b>Generic Name of Principal Product of Company (as per monetary terms)</b>		
	Item Code No.	:	NA
	Product Description	:	NA

\*Total Liabilities include Deferred Liabilities under Lease/Sub-Lease/Infrastructure usage agreement of Rs.39036 thousands.

Signatures to Schedule 1 to 11

For, MUNDRA SEZ TEXTILE AND APPAREL  
PARK PRIVATE LIMITED

PANKAJ MODI  
DIRECTOR

PLACE : AHMEDABAD  
DATE : MAY 6, 2011

RAVI IYER  
DIRECTOR