

ANNUAL REPORT 2010-11

MPSEZ UTILITIES PRIVATE LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors present herewith Fourth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2011.

Operational & Financial Highlights:

Your Company has obtained the status of Distribution Licensee for distribution of electricity in MPSEZ area, Kutch, Gujarat vide Government of India notification dated 0.03.2010 which has been endorsed by GERC vide its order dated 26.04.2010. The company has commenced operation as distribution licenses with effect from August 28, 2010.

During the year under review total income earned of Rs. 1041.38 Lacs against expenditure of Rs. 1069.35 Lacs including depreciation amounting to Rs. 155.22 Lacs. The Net losses after tax during the year under review is Rs. 26.53 Lacs.

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.

Share Capital:

During the year under review, the Authorised Share Capital of the company is increased from Rs. 1,00,000 (Rupees One Lac Only) divided into 10,000 (Ten Thousand) equity shares of Rs. 10/- each to Rs. 13,15,00,000 (Rupees Thirteen Crores Fifteen Lacs Only) divided into 1,31,50,000 (One Crore Thirty One Lacs Fifty Thousand) equity shares of Rs. 10/- each ranking *pari passu* with the existing Equity Shares.

Directors:

As per Section 256 of the Companies Act, 1956 and Articles of Association of the Company; Mr. B. Ravi is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. Board recommends the appointment of the Director of the Company.

Manager:

Mr. Mehul Rupera was appointed as Manager under the Companies Act, 1956.

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.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & outgo:

All the possible steps have been taken by your Company to achieve the objectives of energy conservation and technology absorption.

Details of foreign exchange earnings and outgo are set out in Note 11 of scheduled 14 of notes to Account.

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 from time to time is not given as no employee is in receipt of remuneration as required under section 217(2A) of the Companies Act, 1956.

Appreciation and Acknowledgement:

Your Directors have pleasure in taking this opportunity to thank the Government Agencies and all other personnel.

For and on behalf of the Board of Directors

Date: May 2, 2011
Place: Ahmedabad

Pankaj Modi
Chairman

AUDITORS' REPORT

To,
The Members of
MPSEZ UTILITIES PRIVATE LIMITED.

1. We have audited the attached Balance Sheet of MPSEZ UTILITIES PRIVATE LIMITED, as at 31st 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 31st March,2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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 31st 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 2, 2011**

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

Annexure to the Auditors' Report

Re: MPSEZ UTILITIES 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 distribution of Power. 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 31st 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 Company has been registered for the period less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty percent or more of its net worth and whether it has incurred cash losses in such financial year and 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.
19. The company has not issued any debentures.

20. The company has not raised any money through a 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 2, 2011**

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

BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule	Rupees	As at	As at
			31/03/2011	31/03/2010
			Rupees	Rupees
<u>SOURCES OF FUNDS:</u>				
<u>Share Holders' Funds:</u>				
Share Capital	1		131,350,000	100,000
Reserves & Surplus	2		407,404,892	-
TOTAL			538,754,892	100,000
<u>APPLICATION OF FUNDS</u>				
<u>Fixed Assets</u>				
Gross Block (At Cost)	3	469,749,103		-
Less : Depreciation		15,860,773		-
Net Block		453,888,330		-
Capital Work-in-progress		111,689,755		-
Preoperative Expenses-To be capitalised on completion of project		-	565,578,085	340,370
Deferred Tax Asset(net)			58,297	-
<u>Current Assets Loans & Advances</u>				
Cash & Bank Balances	4	11,624,783		5,117,461
Sundry Debtors	5	29,491,235		-
Loans & Advances	6	3,690,273		7,471,758
Total Current Assets		44,806,291		12,589,219
Less:				
<u>Current Liabilities & Provisions</u>				
Current Liabilities	7	74,268,161		12,836,589
Provisions	8	72,121		-
Total Current Liabilities		74,340,282		12,836,589
Net Current Assets			(29,533,991)	(247,370)
<u>Miscellaneous Expenditure :</u>	9		-	7,000
(To the extent not written off or adjusted)				
<u>Profit & Loss Account:</u>				
Balance as per Annexed Account			2,652,501	-
TOTAL			538,754,892	100,000
SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS	14			

**AS PER OUR REPORT ATTACHED
For SHAH & SHAH ASSOCIATES
Chartered Accountants**

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

For and on behalf of the Board of Directors

**DR. MALAY MAHADEVIA
DIRECTOR**

**PANKAJ MODI
DIRECTOR**

**MEHUL RUPERA
MANAGER**

**PLACE : AHMEDABAD
DATED: MAY 2, 2011**

**PLACE : AHMEDABAD
DATED: MAY 2, 2011**

PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2011

Particulars	Schedule	For the year ended on 31/03/2011	
		Amount Rupees	Amount Rupees
INCOME			
Revenue from Power Supply	10		104,061,223
Other Income	11		76,465
TOTAL			104,137,688
EXPENDITURE			
Electrical Energy Purchased			70,985,546
Administration and General Expenses	12		12,111,461
Payments to & Provisions for Employees	13		5,906,383
Operation & Maintenance Expenses			1,972,261
Interest paid to customers on Security Deposits			437,996
Depreciation		15,860,773	
Less : Transfer from Service Line Contribution		339,184	
TOTAL			106,935,236
Loss For the year before taxes			2,797,548
Less			
Excess Provision of Income Tax of previous year written back			86,750
Deferred Tax			58,297
Loss after Taxation carried to Balance Sheet			2,652,501
Basic and diluted Earning per Share (Rs.) (See Note 7)			(2.66)

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS

14

AS PER OUR REPORT ATTACHED
For SHAH & SHAH ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

DR. MALAY MAHADEVIA
DIRECTOR

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

PANKAJ MODI
DIRECTOR

MEHUL RUPERA
MANAGER

PLACE : AHMEDABAD
DATED: MAY 2, 2011

PLACE : AHMEDABAD
DATED: MAY 2, 2011



MPSEZ UTILITIES PRIVATE LIMITED

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.)
A Cash Flow from Operating Activities		
Net Loss before taxation and extraordinary items	(2,797,548)	-
Adjustments for:		
Depreciation (Gross)	15,521,589	-
Interest received	(75,692)	-
Preliminary Expenses Written Off	7,000	-
Operating Profit before working capital changes:	12,655,349	-
Adjustments for:		
Decrease/(Increase) in Debtors	(29,491,235)	-
Decrease/(Increase) in Loans & Advances	3,887,933	(7,445,422)
Increase/(Decrease) in Current Liabilities	61,503,693	11,476,661
Cash Flow from Operating Activities	48,555,741	4,031,239
Direct Taxes Paid/tax deducted at source (Net)	19,698	88,086
Net Cash Flow from Operating Activities	48,536,043	3,943,153
B Cash Flow From Investing Activities		
Interest received	75,692	280,679
Purchase/Increase in Fixed Assets incl. Expenditure during construction period	(581,098,488)	(468,355)
Net Cash Flow from Investing Activities	(581,022,796)	(187,676)
C Cash Flow From Financing Activities		
Share Capital Issued	131,250,000	-
Security premium received	393,750,000	-
Service Line Contribution received during the year	13,994,076	-
Net Cash Flow from Financing Activities	538,994,076	-
Net change in Cash or Cash Equivalent(A+B+C)	6,507,322	3,755,477
Add: Cash and Cash Equivalent at beginning of the period	5,117,461	1,361,984
Cash and Cash Equivalent at end of the period	11,624,783	5,117,461

SIGNIFICANT ACCOUNTING POLICIES &
NOTES FORMING PART OF ACCOUNTS - SCHEDULE-14

**AS PER OUR REPORT ATTACHED
For SHAH & SHAH ASSOCIATES
Chartered Accountants**

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

**PLACE : AHMEDABAD
DATED: MAY 2, 2011**

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

**DR. MALAY MAHADEVIA
DIRECTOR**

**PANKAJ MODI
DIRECTOR**

**MEHUL RUPERA
MANAGER**

**PLACE : AHMEDABAD
DATED: MAY 2, 2011**

SCHEDULE FORMING PART OF BALANCE SHEET

Particulars	As at	
	31/03/2011	31/03/2010
	Rupees	Rupees
SCHEDULE - 1		
SHARE CAPITAL:		
Authorised		
1,31,50,000 (Previous Year 10,000) Equity Shares of Rs.10/- each	131,500,000	100,000
Issued & Subscribed:		
1,31,35,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each fully paid-up	131,350,000	100,000
TOTAL	131,350,000	100,000
The entire share capital of the company is held by Mundra Port & SEZ Limited.		
SCHEDULE - 2		
RESERVES & SURPLUS:		
Capital Reserve:		
Service Line Contributions		
Received during the year	13,994,076	-
Less: Transfer to Profit & Loss account	339,184	-
	13,654,892	-
Share Premium:		
Received during the year	393,750,000	-
TOTAL	407,404,892	-
SCHEDULE -4		
Cash & Bank Balances		
Cash on Hand	116	3,946
Balance with Schedule Banks in :		
Current Accounts	11,607,211	14,917
Margin Money Deposit Accounts (including interest accrued thereon)	17,456	5,098,598
TOTAL	11,624,667	5,113,515
SCHEDULE-5		
SUNDRY DEBTORS (Unsecured, Considered good)		
Debs outstanding for a period exceeding six months	-	-
Other Debts	2,274,479	-
	2,274,479	-
Unbilled Revenue	27,216,756	-
TOTAL	29,491,235	-
SCHEDULE-6		
LOANS & ADVANCES: (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	3,582,489	7,470,422
Advance Income Tax (net of provision)	107,784	1,336
TOTAL	3,690,273	7,471,758

Particulars	Rupees	As at 31/03/2011 Rupees	As at 31/03/2010 Rupees
<u>SCHEDULE-7</u>			
<u>CURRENT LIABILITIES</u>			
Sundry Creditors (Other than amounts due to Micro & Small Enterprises)		42,400,102	16,589
Security Deposits from Consumers		28,496,913	12,820,000
Other Liabilities		3,371,146	-
TOTAL		74,268,161	12,836,589
<u>SCHEDULE-8</u>			
<u>PROVISIONS:</u>			
For Employees' Retirement Benefits		72,121	-
TOTAL		72,121	-
<u>SCHEDULE-9</u>			
<u>MISCELLANEOUS EXPENDITURE :</u>			
<u>To the extent not written off or adjusted</u>			
<u>Preliminary Expenses :</u>			
Balance as per last Balance Sheet		7,000	7,000
Less: Written off during the year		7,000	-
TOTAL		-	7,000

SCHEDULE-3
FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
		Balance as on 01/04/2010	Additions during the year	Deduction during the year	Balance as on 31/03/2011	Balance as on 01/04/2010	Provided during the year	Adjusted during the year	Balance as on 31/03/2011	Balance as on 31/03/2011	Balance as on 31/03/2010
1	Lease Hold Land	-	63,750,000	-	63,750,000	-	1,257,534	-	1,257,534	62,492,466	-
2	Building	-	23,176,197	-	23,176,197	-	413,552	-	413,552	22,762,645	-
3	Plant & Machinery	-	321,843,807	-	321,843,807	-	12,606,147	-	12,606,147	309,237,660	-
4	Transmission & Distribution Syste	-	60,890,744	-	60,890,744	-	1,559,525	-	1,559,525	59,331,219	-
5	Furniture & Fixtures	-	88,355	-	88,355	-	24,015	-	24,015	64,340	-
	Total	-	469,749,103	-	469,749,103	-	15,860,773	-	15,860,773	453,888,330	-
	Previous Year	-	-	-	-	-	-	-	-	-	-
	Capital Work-in-progress (CWIP)									111,689,755	

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

Particulars	For the Year ended on	
	Amount Rupees	31st March,2011 Amount Rupees
SCHEDULE-10		
<u>Revenue from Power Supply:</u>		
Sales of Power		103,713,790
Delay Payment Charges		278,928
Meter Rent		68,505
TOTAL		<u>104,061,223</u>
SCHEDULE-11		
<u>OTHER INCOME:</u>		
Interest Received (Gross)		75,692
Excess Provision Written Back		773
TOTAL		<u>76,465</u>
SCHEDULE-12		
<u>ADMINISTRATION AND GENERAL EXPENSES:</u>		
Lease Rent		619,792
Insurance Expense		171,648
Infrastructure Usage Charges		8,199,792
License Fees		1,068,700
Legal & Professional Fees		124,690
<u>Auditors' Remuneration</u>		
Audit fees	35,000	
Tax Audit fees	15,000	50,000
Foreign Exchange Rate Difference(net)		12,288
Bank Charges & Commission		95,696
Preliminary Expenses written off		7,000
General Charges		1,761,855
TOTAL		<u>12,111,461</u>
SCHEDULE-13		
<u>Payments to & Provisions for Employees:</u>		
Salaries, Wages, Bonus & Gratuity		5,588,709
Staff Welfare expenses		30,000
Contribution to Provident and Other Funds		287,674
TOTAL		<u>5,906,383</u>

SCHEDULE: 14**(A) SIGNIFICANT ACCOUNTING POLICIES****1. Introductory :**

MPSEZ Utilities Private Limited (MUPL) is 100% subsidiary company of Mundra Port and Special Economic Zone Limited (MPSEZL) and a Co-Developer to provide infrastructure facilities in Mundra Special Economic Zone.

By virtue of notification issued by Government of India it has obtained the status of Distribution Licensee for distribution of electricity in MPSEZ area, Kutch, Gujarat vide Govt. of India notification dated 03.03.2010 which was also endorsed by GERC vide its order no GERC/Legal/2010/0609 dated 26.04.2010 and has commenced operation as distribution licensee from 28th August, 2010.

2. Basis of Preparation of Financial Statements :

The Company has applied provision of the Companies Act, 1956 for preparation of its financial statements. The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accounts in India. Accounting policies have been followed consistently except as stated specifically.

3. 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. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

4. Service Line Contributions:

Service line contributions received from consumers are treated as capital receipt and accounted as Capital Reserve.

5. Revenue Recognition :

Revenue is recognized when no significant uncertainty as to the measurability or collectability exists. Delay Payment Charges are accounted for as and when received.

6. Fixed Assets :

Fixed assets are stated at cost less accumulated depreciation. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition 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.

Leasehold land is amortized over the lease period.

7. Depreciation and Amortization :

The depreciation for the year is provided on additions/deductions of the assets during the period from/up to the date on which the asset is added/deducted. The depreciation for the year has been shown after reducing the proportion of the amount of depreciation provided on assets created for which service line contributions have been received. The depreciation is provided on Straight Line Method (SLM) considering the rates as provided in Regulation issued by the Gujarat Electricity Regulatory Commission (GERC) or rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher.

8. Employee Benefits :

The Company has created Employees Group Gratuity Fund which has taken a Group Gratuity Insurance Policy from Life Insurance Corporation of India (LIC). Premium on the above policy as intimated by LIC is charged to the profit and loss account.

Provision for leave encashment is determined and accrued on the basis of actuarial valuation. Actuarial gains and losses are immediately recognized in the profit and loss account.

9. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a probable present obligation and outflow of resources as a result of past events.

Liabilities which are of contingent nature are not provided but are disclosed at their estimated amount in the Notes on Accounts. Contingent assets are neither recognized nor disclosed in financial statements.

10. Foreign Currency Transaction :

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses for the year.

11. Preliminary Expenses are written off in the year of commencement of commercial operations.

(B) NOTES FORMING PART OF ACCOUNTS:

1. Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for Rs.10,30,81,445/- (Previous Year Rs. Nil);

2. Contingent Liabilities not provided for :

Bank Guarantee given by bankers on behalf of the company Rs.3,66,83,104/-(Previous Year Rs. Nil)

3. This being the first operating year of the company and therefore figures in respect of Profit & Loss account for previous financial year is not furnished.

4. Segment Information :

The company is principally engaged in the business of distribution of electricity. Accordingly there are no reportable segments as per Accounting Standards (AS) 17, "Segment Reporting".

5. Related Party Disclosure :**(a) Name of the related Party and nature of relationship:**

Mundra Port and Special Economic Zone Limited (MPSEZL)-Holding Company
Adani Enterprises Limited (AEL)-Holding company of MPSEZL
Adani Power Limited- Associate Company

(b) Transactions with Related Party :

	Holding Company		Holding of Holding Company		Associate Company	
	Year ended on 31.03.11	Year ended on 31.03.10	Year ended on 31.03.11	Year ended on 31.3.10	Year ended on 31.03.11	Year ended on 31.03.10
A) Volume of Transactions						
Sales of Power	5,94,86,340	-	-	-	-	-
Purchase of Assets	49,95,73,181	-	-	-	-	-
Equity Share Money received	52,50,00,000	-	-	-	-	-

(Including Share Premium)						
Reimbursement of Expenses	41,69,626	-	1,10,300	-	-	-
Infrastructure Usage Charges	1,38,56,130	-	-	-	-	-
Lease Hold Land	6,37,50,000	-	-	-	-	-
Lease Rent Paid	6,19,792	-	-	-	-	-
Loan taken during the year	3,77,59,000	-	-	-	-	-
Loan repaid during the year	3,77,59,000	-	-	-	-	-
Purchase of Power	-	-	1,35,136	-	2,06,44,044	-
B) Balance at the end of the year						
Dues payable	3,54,86,653	-	-	-	3,74,104	-

6. Earnings Per Share (EPS)

Particulars	2010-11
Loss for the year as per Profit & Loss Account	26,52,501
Number of Equity Shares at the beginning of the year	1,00,000
Add : Weighted average number of equity shares issued during the year	8,98,973
Weighted average number of equity shares in calculating basic EPS	9,98,973
Basic and Diluted Earnings (Loss) Per Share (in Rupees)	(2.66)

7. In the opinion of the management of the company, profits of the company qualifies for deduction u/s.80IAB of The Income Tax Act,1961. In view of losses for the year no provision for current tax has been made in the books of accounts.
8. Deferred Tax Assets are recognized only to the extent that there is a reasonable certainty (and in case of recognition of deferred tax assets against unabsorbed losses/depreciation, a virtual certainty) that future taxable income will be available against which such deferred tax assets can be realized. Hence, following the concept of prudence, and considering the lack of certainty, deferred tax assets are considered only to the extent of deferred tax liabilities and there will be no effect on the reserves. The components of deferred Tax assets and liabilities are as under:

Particulars	Deferred Tax Assets	Deferred Tax Liability
Difference in Depreciation for the year		12,734,398
Provision for Gratuity	15,378	-
Expenses disallowed u/s 43B	21,831	-
Unabsorbed Depreciation	12,755,486	-
Total:	12,792,695	12,734,398
Deferred Tax Assets (Net)	58,297	-

9. The company has transferred following expenses to Pre-Operative expenses which have been allocated to the cost of assets acquired and put to use during the year under review or carried to balance sheet pending capitalization, as the case may be.

Sr. No.	Particulars	2010-11 Amount Rs.	2009-10 Amount Rs.
1.	Infrastructure Usage Charges	56,56,338	-
2.	Audit Fees	-	7,500
3.	Advertisement Expenses	-	57,150
4.	Application Fees	3,85,000	90,000
5.	Professional Fees	70,000	2,93,750
6.	Provision for Income Tax	-	86,750
7.	Others	2,41,363	19,955
8.	Electricity Charges	(2,25,604)	-
	Total	61,27,097	5,55,105
	Less: Interest earned	91,827	2,80,679
	Net Pre-operative expenses for the year	60,35,270	2,74,426
	Add: Balance at the opening of the year	3,40,370	65,944
	Total	63,75,640	3,40,370
	Less: Capitalised	63,75,640	Nil
	Balance carried to Balance Sheet	Nil	3,40,370

10. The company is engaged in the business of distribution of power. Accordingly additional information pursuant to provision of paragraph 3,4C,4D of the Part-II of Schedule VI to the Companies Act, 1956 is given under to the extent applicable.

Sr. No	Particular	Unit in MUs
i)	Unit Purchased (incl. of Transmission Losses)	21.731
ii)	Unit Sold	19.751
iii)	Transmission & Distribution Losses	1.980
iv)	Transmission & Distribution Losses (%)	9.11%

11. **CIF Value of Imports :**

Particulars	2010-11 Amount Rs.
Capital goods	20,98,402

12. Disclosure Pursuant to Accounting Standard (AS) 15 – Employee Benefits.

(a) **Gratuity :**

Expenses recognized in Profit & Loss A/c is Rs. 1,74,055/-

The Principle assumptions used in determining Gratuity obligations are as follows:

Date of Valuation	31.03.2011
Retirement Age	58 Years
Attrition Rate	2% Age Related
Future Salary Rise	6%
Rate of Discounting	8.25%
Mortality Table	LIC (1994-46) Ultimate

(b) **Leave Encashment :**

Expenses recognized in Profit & Loss A/c is Rs. 22,354/-

The Principle assumptions used in determining Leave Encashment obligations are as follows :

Date of Valuation	31.03.2011
Retirement Age	58 Years
Attrition Rate	2% Age Related
Future Salary Rise	6%
Rate of Discounting	8.25%
Mortality Table	LIC (1994-46) Ultimate

INFORMATION PURSUANT TO THE REQUIREMENT OF PART IV OF SCHEDULE-VI BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE		
1	Registration Details	
	Registration No.	: 51323
	State Code No.	: 4
	Balance Sheet Date	: 31/03/2011
2	Capital raised during the year	
	Public Issue (Issue through the prospectus)	: NIL
	Right Issue	: NIL
	Bonus Issue	: NIL
	Private Placement	: 131,250
3	Position of Mobilisation and Deployment of Funds	
	Total Liabilities	: 538,755
	Total Assets	: 538,755
	Sources of Funds	
	Paid up Capital	: 131,350
	Share Application Money (Pending Allotment)	: -
	Reserve and Surplus	: 407,405
	Secured Loans	: -
	Unsecured Loans	: -
	Application of Funds	
	Net Fixed Assets	: 565,578
	Investments	: -
	Net Current Assets	: (29,534)
	Accumulated Losses	: 2,653
	Miscellaneous Expenditure	: -
4	Performance of Company	
	Turnover	: 104,138
	Total Expenditure	: 106,935
	Profit/(Loss) Before Tax	: (2,797)
	Profit/(Loss) After Tax	: (2,653)
	Earning per Share in Rs.	: NA
	Dividend Rate %	: -
5	Generic Name of Principal Product of Company	
	(as per monetary terms)	:
	Item Code No.	: NA
	Product Description	: Electric Distribution
Signatures to Schedule 1 to 14		
For and on behalf of the Board of Directors		
DR. MALAY MAHADEVIA DIRECTOR		
PANKAJ MODI DIRECTOR		
PLACE : AHMEDABAD	MEHUL RUPERA	
DATE : MAY 2, 2011	MANAGER	