

ANNUAL REPORT 2010-11

ADANI PETRONET (DAHEJ) PORT PRIVATE LIMITED

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Eighth Annual Report together with the Audited Accounts of the Company for the financial year ended March 31, 2011.

Operations and Financial Highlights:

Your Company has started handling vessels on the 1st Jetty w.e.f August 30, 2010. During the 7 months period ended on March 31, 2011, the port handled 18 nos. of vessels with total cargo volume of 5.75 lac tonnes. The cargo handled comprise of coal, project cargo, silica sand, rock phosphate etc.

The total income earned during the 7 months period ended on March 31, 2011 is amounting to Rs. 2,520 Lacs. The Company has earned cash Profit of Rs. 603 Lacs in the above period after accounting for operating, administrative and financial expenditure.

On completion of construction of 1st Jetty and elimination of project risk, the company undertook structuring of the long term loans by arranging fresh loan from a new bank at a low rate for replacing existing high cost rupee loans. This exercise resulted in reduction in the interest cost by about 2% per annum i.e. saving of more than Rs. 10 crores per annum.

Dividend:

Your Directors do not recommend any dividend.

Fixed Deposits:

During the year under review, the Company has not accepted any deposits from 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:

During the year under review Dr. A. K. Balyan, CEO and Managing Director of Petronet LNG Limited (PLL) was nominated as an additional director. Mr. Karan Adani was appointed as additional director on the Board of the Company. Board welcomes the incoming directors and look forward for their valued contribution in the Dahej Port Project. Pursuant to the provisions of Section 260 of the Companies Act, 1956, they hold office upto the date of ensuing Annual General Meeting

and being eligible offer themselves for appointment. Dr. Malay Mahadevia was appointed as Managing Director of the Company.

Mr. Gautam S. Adani, Chairman of the Company, Mr. P. Dasgupta and Mr. A. Sengupta nominee from PLL ceased to be directors of the company. The Board places on record the deep appreciation for valuable services and guidance provided during the tenure of their directorship.

As per Section 256 of the Companies Act, 1956; Mr. Rajeeva Ranjan Sinha and Mr. B. Ravi are liable to retire by rotation and being eligible offer themselves for reappointment. Board recommends the appointment of the Directors 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. The applicable accounting standards have been followed and that no material departures have been made from the same.
2. Such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting record 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. The annual accounts have been prepared on a going concern basis.

Insurance:

The Company continues to carry adequate insurance for all assets against foreseeable perils.

Auditors:

The Company's Auditors' M/s. S. V. Ghatalia & 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, Foreign Exchange Earning and 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 17 of Schedule -18 of Notes to Accounts.

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.

Acknowledgement:

Your Directors would like to express their sincere appreciation for assistance and co-operation received from Financial Institutions, Banks, Central & State Government authorities, Gujarat Maritime Board, Employees and all other personnel.

For & on behalf of the Board of Directors

Date: May 2, 2011

Place: Ahmedabad

Dr. Malay Mahadevia
Chairman

Auditors' Report

To
The Members of Adani Petronet (Dahej) Port Private Limited

1. We have audited the attached Balance Sheet of Adani Petronet (Dahej) Port Private Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and 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 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 financial statement presentation. 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) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 the balance sheet, of the state of affairs of the Company as at March 31, 2011;

ADANI PETRONET (DAHEJ) PORT PRIVATE LIMITED



- 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 cash flow statement, of the cash flows for the year ended on that date.

For S.V. GHATALIA & ASSOCIATES

Firm Registration Number: 103162W

Chartered Accountants

per Santosh Aggarwal

Partner

Membership No.: 093669

Place: Ahmedabad

Date: May 2, 2011

Annexure referred to in paragraph 3 of our report of even date

Re: Adani Petronet (Dahej) Port Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The inventory of spare stores and spare parts, fuel and lubricants has been physically verified by management during the year. In our opinion, the frequency of such physical verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- (iii) According to information and explanations provided by the Management, there are no companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clauses (a), (b), (c), (d), (e), (f) and (g) to clause 4(iii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of services. The activities of the Company do not involve sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (v) According to the information and explanations provided by the Management, there are no companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clause (a) and (b) to clause (v) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As the Company does not manufacture any products, the provisions of clause (viii) of the Companies (Auditor's Report) Order, 2003 (as amended) regarding maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 are not applicable.
- (ix) (a) Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales tax service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. The Company does not have any statutory dues towards investor education and protection, employees state insurance and wealth tax.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues outstanding for income-tax, sales-tax, service tax, customs duty, excise duty and cess on account of any dispute.
- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) As informed, there are no companies, firms or other parties to be covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (xvii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.V. GHATALIA & ASSOCIATES

Firm registration number: 103162W

Chartered Accountants

per Santosh Aggarwal

Partner

Membership No.: 093669

Place : Ahmedabad

Date : May 2, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedules	As at 31 st March 2011 Rs.	As at 31 st March 2010 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2,820,625,100	2,604,423,080
Share Application Money Pending Allotment	2	400,000,000	160,002,020
		<u>3,220,625,100</u>	<u>2,764,425,100</u>
Loan Funds			
Secured Loans	3	5,255,239,815	1,832,107,096
Deferred Tax Liability, net (Refer Note-13 of Schedule-18)		5,544,460	-
Total		<u><u>8,481,409,375</u></u>	<u><u>4,596,532,196</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		3,928,549,060	135,303,058
Less : Accumulated Depreciation		<u>103,681,337</u>	<u>12,210,325</u>
Net Block		3,824,867,723	123,092,733
Capital Work- in- Progress including capital advances	4	<u>4,211,152,001</u>	<u>4,143,251,621</u>
		8,036,019,724	4,266,344,354
Expenditure during Construction Period, pending allocation	5	148,703,884	201,289,908
Investments	6	100,000,000	100,000,000
Current Assets, Loans and Advances			
Inventories	7	7,905,588	-
Sundry Debtors	8	108,941,720	-
Cash and Bank Balances	9	28,906,550	24,369,096
Other Current Assets	10	7,481,091	104,998
Loans and Advances	11	<u>457,777,732</u>	<u>292,532,464</u>
		611,012,681	317,006,558
Less : Current Liabilities and Provisions			
Current Liabilities	12	468,443,144	312,354,003
Provisions	13	<u>3,087,629</u>	<u>664,713</u>
		471,530,773	313,018,716
Net Current Assets		139,481,908	3,987,842
Balance of Profit and Loss Account		57,203,859	24,910,092
Total		<u><u>8,481,409,375</u></u>	<u><u>4,596,532,196</u></u>
Notes to Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the balance sheet
As per our report of even date

For S. V. GHATALIA & ASSOCIATES
Firm Registration No : 103162W
Chartered Accountants

For and behalf of the Board of Directors of
Adani Petronet (Dahej) Port Private Limited

per Santosh Aggarwal
Partner
Membership No. 093669
Place : Ahmedabad
Date : May 2,2011

Dr. Malay Mahadevia
[Chariman and Managing Director]
Place : Ahmedabad
Date : May 2,2011

B. Ravi
[Director]
Kamlesh Bhagia
[Company Secretary]

PROFIT AND LOSS ACCOUNT (PREVIOUS YEAR: STATEMENT OF EXPENSES) FOR THE YEAR ENDED MARCH 31,2011

	Schedules	For the year ended 31 st March 2011 Rs.	For the year ended 31 st March 2010 Rs.
INCOME			
Income from Operations		251,889,292	-
Excess Provision Written Back		15,594	10,856
Total		251,904,886	10,856
EXPENDITURE			
Operating Expenses	14	77,869,136	-
Personnel Expenses	15	29,740,501	-
Administrative and other Expenses	16	26,989,127	10,808,734
Financial Expenses (Net)	17	56,200,158	-
Depreciation		87,855,271	-
Total		278,654,193	10,808,734
Loss before Tax		(26,749,307)	(10,797,878)
Provision for Taxation			
-Current Taxation		-	-
-Deferred Tax, charge		(5,544,460)	-
Loss after Tax		(32,293,767)	(10,797,878)
Balance brought forward from previous year- (Loss)		(24,910,092)	(14,112,214)
Balance carried to Balance Sheet		(57,203,859)	(24,910,092)
Basic and Diluted Earnings per share (Nominal value of Rs. 10 per equity share)		(0.12)	(0.11)
Notes to Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account
As per our report of even date

For S. V. GHATALIA & ASSOCIATES
Firm Registration No : 103162W
Chartered Accountants

For and behalf of the Board of Directors of
Adani Petronet (Dahej) Port Private Limited

per Santosh Aggarwal
Partner
Membership No. 093669
Place : Ahmedabad
Date : May 2,2011

Dr. Malay Mahadevia
[Chairman and Managing Director]
Place : Ahmedabad
Date : May 2,2011

B. Ravi Kamlesh Bhagia
[Director] [Company Secretary]

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	For the year ended 31st March 2011 Rs.	For the year ended 31st March 2010 Rs.
A. Cash flow from operating activities		
Net (Loss) as Per Profit and Loss Account	(26,749,307)	(10,808,734)
Adjustments for:		
Loss on sale of fixed assets	9,867	-
Depreciation (including for Construction Period)	91,474,031	5,734,017
Interest income	(879,188)	-
Interest expense	57,079,346	-
Operating (Loss) before working capital changes	120,934,749	(5,074,717)
Movements in working capital :		
(Increase) in Sundry Debtors	(108,941,720)	-
(Increase) in Inventories	(7,905,588)	-
(Increase) in Loans and Advance and Other Current Assets	(164,847,842)	(86,781,012)
Increase in Current Liabilities & Provisions	58,273,193	35,321,186
Cash generated from operations	(102,487,207)	(56,534,543)
Tax Deducted at Source	(7,773,519)	-
Net cash inflow/(outflow) from operating activities	(110,260,727)	(56,534,543)
B. Cash flows from investing activities		
Purchase of fixed assets (Including Capital Work In Progress)	(3,659,367,119)	(2,435,201,309)
Purchase of investments	-	(99,750,000)
Proceeds from sale of investments	-	132,780,603
Expenditure During Construction Period, Pending Capitalisation at year end (net of amount transferred to Capital Work in Progress)	(48,967,262)	(38,821,213)
Interest received (net of amount adjusted in expenditure during construction period)	879,188	-
Net cash inflow/(outflow) from investing activities	(3,707,455,193)	(2,440,991,919)
C. Cash flows from financing activities		
Proceeds from issuance of Share Capital/ Share Application Money Pending Allotment	456,200,000	1,532,430,000
Proceeds from long-term borrowings	4,849,064,876	932,107,096
Repayment of long-term borrowings	(1,425,932,156)	-
Proceeds from short-term borrowings	2,431,500,000	-
Repayment of short-term borrowings	(2,431,500,000)	-
Interest paid	(57,079,346)	-
Net cash inflow/(outflow) used in financing activities	3,822,253,374	2,464,537,096
Net Increase in Cash & Cash Equivalents (A + B + C)	4,537,454	(32,989,366)
Cash & Cash Equivalents at the beginning of the year	24,369,096	57,358,462
Cash & Cash Equivalents at the end of the year	28,906,550	24,369,096

Notes :

Component of Cash and Cash equivalents		
Cash on Hand	18,245	138,784
Balance with Schedule Banks :		
On Current Accounts	15,766,057	14,059,884
On Deposit Accounts *	13,122,248	10,170,428
Cash and Bank Balances as per Schedule 9	28,906,550	24,369,096

* Fixed Deposits with Bank are not readily available for use by the company as they have been pledged against guarantees given to Custom and Sales Tax Authorities.

The Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow

Statements issued by the Institute of Chartered Accountants of India.

Figures in brackets indicate Cash outflow.

For S. V. GHATALIA & ASSOCIATES
Firm Registration No : 103162W
Chartered Accountants

For and behalf of the Board of Directors of
Adani Petronet (Dahej) Port Private Limited

per Santosh Aggarwal
Partner
Membership No. 093669
Place : Ahmedabad
Date : May 2, 2011

Dr. Malay Mahadevia B. Ravi Kamlesh Bhagia
[Chairman and Managing Director] [Director] [Company Secretary]
Place : Ahmedabad
Date : May 2, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31 st March 2011 Rs.	As at 31 st March 2010 Rs.
Schedule - 1: Share Capital		
Authorised		
350,000,000 (Previous Year: 350,000,000) Equity Shares of Rs. 10 each	3,500,000,000	3,500,000,000
	<u>3,500,000,000</u>	<u>3,500,000,000</u>
Issued, Subscribed and Paid - up		
Equity Share Capital		
282,062,510 fully paid up Equity Shares of Rs.10 each (Previous Year 260,442,308 Equity Shares of Rs. 10 each)	2,820,625,100	2,604,423,080
Of the above:		
208,727,510 (Previous Year : 192,727,308) Equity Shares are held by Mundra Port and Special Economic Zone Limited, the Holding Company and 73,335,000 (Previous Year : 67,715,000) Equity Shares are held by Petronet LNG Limited. Mundra Port and Special Economic Zone Limited is held by Adani Enterprise Limited, the ultimate Holding Company)		
	<u>2,820,625,100</u>	<u>2,604,423,080</u>
Schedule - 2: Share Application Money Pending Allotment		
Share Application Money		
Mundra Port and Special Economic Zone Limited, the Holding Company	400,000,000	160,002,020
	<u>400,000,000</u>	<u>160,002,020</u>
Schedule - 3: Secured Loans		
Term Loans from Banks (Refer Notes below)		
Rupee Term Loans	3,302,518,310	1,086,543,344
Suppliers Bill accepted under Letter of Credit convertible into Secured Term Loan	977,344,922	633,063,752
Term Loans from Financial Institutions (Refer Notes below)		
Foreign Currency Term Loan	975,376,581	112,500,000
	<u>5,255,239,813</u>	<u>1,832,107,096</u>
Notes:-		
1-Secured by First Mortgage and Charge on all the immovable and movable assets, both present and future of the solid cargo port terminal project including assets situated on the 38 hectares of forest land allotted to the company (Also refer Note 1 on Schedule 4 - Fixed Assets)		
2-During the year, the Company repaid all Rupee term loans borrowed in previous years and replaced the Rupee Term loan with a Term Loan from State Bank of India. As at March 31,2011, the Company has not created security on loan taken from State Bank of India, pending clearance from earlier lending banks. Apart from security disclosed above, State Bank of India has also proposed security as first parri passu charge on Company's current assets, first charge on intangible assets,assignment of all contractual rights and right of substitute of the borrower under the GMB Sub-Concession Agreement		
3- Amount payable within one year aggregates to Rs.240,000,000 (Previous year: Rs Nil)		

Schedule forming part of the Balance Sheet

Schedule: 4 Fixed Assets

Sr. No.	Particulars	Gross Block (At Cost)				Depreciation				Net Block	
		As at 01-04-2010	Additions	Deductions	As at 31-03-2011	Upto 01-04-2010	For the year	Deductions	Upto 31-03-2011	As at 31-03-11	As at 31-03-10
INTANGIBLE ASSETS											
1	Right of Use for GIDC Land	-	9,652,500	-	9,652,500	-	965,250	-	965,250	8,687,250	-
2	Computer Software	-	1,722,000	-	1,722,000	-	183,976	-	183,976	1,538,024	-
TANGIBLE ASSETS											
1	Land (Lease Hold)	-	102,057,550	-	102,057,550	-	944,934	-	944,934	101,112,616	-
2	Forest Land	44,238,000	-	-	44,238,000	2,033,782	1,576,073	-	3,609,855	40,628,145	42,204,218
3	Building	17,090,336	2,375,254	-	19,465,590	1,597,432	3,471,787	-	5,069,219	14,396,371	15,492,904
4	Lease Hold Land Development	-	46,326,274	-	46,326,274	-	1,021,761	-	1,021,761	45,304,513	-
5	Plant and Machinery	63,717,209	597,675,892	-	661,393,101	5,384,851	20,641,271	-	26,026,122	635,366,979	58,332,358
6	Electrical Installation	221,257	-	-	221,257	21,448	15,643	-	37,091	184,166	199,809
7	Office Equipment	2,511,608	2,504,812	12,885	5,003,535	612,540	345,744	3,018	955,265	4,048,270	1,899,068
8	Furniture & Fixtures	2,755,171	484,992	-	3,240,163	1,162,344	233,847	-	1,396,191	1,843,973	1,592,827
9	Computer Hardware	2,403,214	2,900,314	-	5,303,528	804,899	588,818	-	1,393,717	3,909,811	1,598,315
10	Vehicles	2,366,263	3,319,942	-	5,686,205	593,029	389,272	-	982,301	4,703,904	1,773,234
11	Marine Structure	-	2,483,489,357	-	2,483,489,357	-	54,977,031	-	54,977,031	2,428,512,326	-
12	Tugs & Boats	-	540,750,000	-	540,750,000	-	6,118,624	-	6,118,624	534,631,376	-
SUB-TOTAL		135,303,058	3,793,258,887	12,885	3,928,549,060	12,210,325	91,474,031	3,018	103,681,337	3,824,867,723	123,092,733
1	Capital Work-in-Progress									3,556,513,635	3,623,902,467
2	Capital Advances									654,638,366	519,349,154
SUB-TOTAL										4,211,152,001	4,143,251,621
TOTAL		135,303,058	3,793,258,887	12,885	3,928,549,060	12,210,325	91,474,031	3,018	103,681,337	8,036,019,724	4,266,344,354
Previous Year		80,965,395	54,337,663	-	135,303,058	6,476,308	5,734,017	-	12,210,325	4,266,344,354	1,671,905,017

Notes:

- Foreign Exchange Fluctuation :
Additions to Plant and Machinery during the year is net of Rs. (59,263,574) (Previous Year Rs. 5,316,084) on account of foreign exchange fluctuation gains/(loss).
- Land represents 38 hectare Forest Land allotted to the Company by Ministry of Environment and Forests, for the Port Project.
- Plant and Machinery includes construction equipments of the value of Rs. 55,503,978 (accumulated depreciation of Rs.8,440,868), which have been given to third party contractors for construction activities.
- Capital Work in Progress includes capital inventory of Rs. 982,718,396/- (Previous Year Rs. 727,638,894/-)
- Depreciation amounting to Rs.3,816,761/- (Previous Year Rs. 5,734,017/-) has been transferred to Expenditure During Construction Period, Pending Allocation in Schedule 5.
- Lease Hold Land represents 17.78 hectare land allotted by GIDC on 99 year lease period for the Port Project.(Refer to Note-11 of Schedule-18)
- GIDC has allotted 11.70 hectare of land on Right to use basis for the period of 10 years for developing facilities for the Port Project

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31 st March 2011 Rs.	As at 31 st March 2010 Rs.
Schedule-5: Expenditure during Construction Period, pending allocation		
Opening Balance brought forward	[a] 201,289,908	162,468,695
Personnel Expenses		
Salaries, Allowance and Bonus	10,317,350	1,082,570
Contribution to Provident Fund and other funds	628,310	62,074
Gratuity Expenses	135,525	18,702
Staff Welfare Expenses	809,940	1,605,491
Sub Total	[b] <u>11,891,125</u>	<u>2,768,837</u>
Administrative and Other Expenses		
Power & Fuel	10,867,396	7,987,634
Rent	310,617	123,000
Lease Rent	8,038,107	14,000,000
Traveling & Conveyance	403,946	749,588
Communication Expenses	56,844	268,869
Legal & Professional Expenses	2,253,283	3,454,327
Insurance	339,027	543,246
Payment to Auditors	-	440,400
Security Expenses	872,357	1,538,189
Printing & Stationery	156,649	193,036
Misc. Expenses	874,800	1,305,554
Land Development Expenses	487,433	184,673
Sub Total	[c] <u>24,660,459</u>	<u>30,788,516</u>
Depreciation & Amortisation	[d] 3,618,761	5,734,017
Financial Expenses		
Interest - Others	54,833,815	-
Interest On Term Loan	142,081,824	121,002,569
Bank charges	3,167,893	2,299,098
Finance Charges -(Upfront Fees)	22,665,458	-
Sub Total	[e] <u>222,748,990</u>	<u>123,301,667</u>
Total [f] = [a]+[b]+[c]+[d]+[e]	464,209,243	325,061,732
Less:		
Interest on Bank Deposits (Tax deducted at source Rs. 143,203 (Previous Year Rs. 16,875))	1,432,027	2,471,544
Interest on Others	-	11,190
Dividend Income - Non-Trade Investments - Short Term	-	655,538
Exchange Differences (net)	-	21,277
Miscellaneous Income - scrap sales	11,636,405	2,461,619
	[g] <u>13,068,432</u>	<u>5,621,168</u>
Less:- Capitalized /Allocated during the Year	<u>302,436,927</u>	<u>118,150,656</u>
	[h] <u>302,436,927</u>	<u>118,150,656</u>
Balance Carried Forward Pending Allocation /Capitilization		
Total [f]-[g]-[h]	<u>148,703,884</u>	<u>201,289,908</u>

* Interest on Term Loan and Others of Rs.195,483,612 (Previous Year- 118,150,656) net off Interest on Fixed Deposit of Rs. 1432,027 (Previous Year- 2,196,375) and Dividend on Mutual Fund of Rs. Nil (Previous Year- Rs. 655,538) respectively has been allocated allocated to Fixed Assets under Construction/ Capitalised.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31 st March 2011 Rs.	As at 31 st March 2010 Rs.
Schedule-6: Investments		
Long Term Investment (at cost)		
Trade (unquoted)		
Bharuch Dahej Railway Company Limited	100,000,000	100,000,000
(10,000,000 (Previous Year: 10,000,000) Equity Shares of Rs. 10 Each)		
(Also refer Note-6-in Schedule 18- Notes to Accounts)	<u>100,000,000</u>	<u>100,000,000</u>
Schedule-7: Inventories		
(At lower of cost and net realizable value)		
Stores & Spares	7,905,588	-
	<u>7,905,588</u>	<u>-</u>
Schedule-8: Sundry Debtors		
Debts Outstanding for a Period more than six months	-	-
Other Debts	108,941,720	-
(Sundry Debtors includes Rs.97,808,291 (Previous Year: Nil) dues from Ultimate Holding Company)		
	<u>108,941,720</u>	<u>-</u>
Schedule-9: Cash and Bank Balances		
Cash on Hand	18,245	138,784
Balances with Scheduled Banks :	-	-
On Current Accounts	15,766,057	14,059,884
On Deposit Accounts (Fixed Deposits Receipt of Rs.13,122,248 (Previous Year: Rs.10,170,428) pledged against bank guarantee)	13,122,248	10,170,428
	<u>28,906,550</u>	<u>24,369,096</u>
Schedule-10: Other Current Assets		
Interest Accrued on Deposits	409,192	-
Accrued Revenue (Port Operation)	7,071,899	-
	<u>7,481,091</u>	<u>-</u>
Schedule-11: Loans and Advances		
(Unsecured, Considered Good except to the extent stated)		
Advances Recoverable in Cash or in Kind or for Value to be Received	31,949,444	23,270,281
Tax Deducted at Source	8,293,395	519,876
MODVAT Credit (Input) Receivable	258,999,704	180,140,927
Service Tax Credit (Input) Receivable	154,938,530	86,849,740
Deposits - Others	3,596,659	1,751,640
	<u>457,777,732</u>	<u>292,532,464</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31 st March 2011 Rs.	As at 31 st March 2010 Rs.
Schedule-12: Current Liabilities		
Sundry Creditors (Refer Note-10 of Schedule 18)	449,139,965	304,983,650
Other Liabilities	<u>19,303,179</u>	<u>7,370,353</u>
	<u>468,443,144</u>	<u>312,354,003</u>
 Schedule -13: Provisions		
Provision for Compensated Absences	894,532	364,193
Provision for Gratuity	<u>2,193,097</u>	<u>300,520</u>
	<u>3,087,629</u>	<u>664,713</u>

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT

	As at 31 st March 2011 Rs.	As at 31 st March 2010 Rs.
Schedule -14: Operating Expenses		
Handling Expenses	36,084,457	-
Tug and Pilotage Charges	11,852,188	-
Power & Fuel Expenses	10,186,808	-
Other Marine Expenses	1,118,858	-
Repairs to Plant & Machinery (including Stores & Spares of Rs.6,256,344, Previous Year:- NIL)	6,722,386	-
Port Dues	2,656,118	-
Waterfront Charges	9,248,321	-
	<u>77,869,136</u>	<u>-</u>
Schedule -15: Personnel Expenses		
Salaries, Allowance and Bonus	21,471,563	-
Contribution to Provident & Other Funds	957,225	-
Gratuity	1,757,786	-
Workmen and Staff Welfare Expenses	5,553,926	-
	<u>29,740,501</u>	<u>-</u>
Schedule -16: Administrative Expenses		
Land Lease Rent	11,132,066	-
Rent	506,970	-
Rates & Taxes	372,843	10,496,400
Insurance	3,097,925	-
Advertisement & Publicity	533,450	312,334
Repairs & Maintenance- Others	1,685,783	-
Legal & Professional Fees	1,373,974	-
Travelling & Conveyance	4,856,869	-
Communication Expenss	295,812	-
Security Expenses	2,092,383	-
Printing & Stationery Expenses	258,496	-
Loss on Sale of Assets	9,867	-
Payment to Auditors	550,000	-
Misc. Expenses	222,689	-
	<u>26,989,127</u>	<u>10,808,734</u>
Schedule -17: Financial Expenses (Net)		
Interest on Term Loans	57,058,629	-
Bank & Other Finance Charges	20,717	-
	<u>57,079,346</u>	<u>-</u>
Less:		
Interest on Bank Deposits and Income Tax Refund (Tax Deducted at Source Rs. 72,867 (Previous Year: Nil))	879,188	-
	<u>56,200,158</u>	<u>-</u>

Schedule 18 : Notes to Accounts

1. Nature of operations

Adani Petronet (Dahej) Port Private Limited ('APPPL', 'Company', 'JVC'), is a joint venture between Petronet LNG Limited (a Government of India Enterprise) and Mundra Port and Special Economic Zone Limited. The JVC is formed for undertaking the development of a Solid Cargo Port Terminal ('the Project', 'SCPT') at Dahej, Gujarat for commercial use on a balance period of 30-year Concession under the built-own-operate-transfer (BOOT) policy framework of the Gujarat Ports Policy, 1995. The Company has entered into Sub-Concession agreement with Gujarat Maritime Board and Petronet LNG Limited for development of Solid Cargo Port Terminal w.e.f. January 3, 2007. The Gujarat Maritime Board had earlier granted Concession to Petronet LNG Limited to develop, operate and maintain Solid Cargo Port Terminal at Dahej on December 20, 2005.

During the year, the Company has commenced commercial operations on 1st Jetty w.e.f. from September 1, 2010. The Construction of 2nd Jetty, Back up Yard Development, Material Handling System and others are in progress as on 31st March, 2011.

2. Statement of Significant Accounting Policies**a) Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more below are consistent with those used in the previous year.

Indirect expenditure incurred during the construction period which is not related to the construction activity nor is incidental thereto has been charged to the Profit and Loss Account (earlier year's the Statement of Expenses Account). The expenditure related to construction activity is classified as "Expenditure during construction period (Pending Allocation)" and has been proportionately apportioned to the Fixed assets on part completion of the Project facilities. Necessary details as required under Part II of Schedule VI of the Companies Act, 1956 have been disclosed in schedule 5 to the financial statement in respect of the said expenditure.

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

c) Fixed Assets

Fixed assets 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 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.

In respect of accounting periods commencing on or after December 7, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset upto March 31, 2011 and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

d) Expenditure during construction period, pending allocation

Expenditure directly relating to construction activity (net of income, if any) is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto, is charged Profit and Loss Account (earlier year's to the Statement of expenses Account). Income earned during construction period is deducted from the total of the indirect expenditure.

e) Impairment

(i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. 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 risks specific to the asset.

(ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**f) Change in Accounting Policies
Depreciation on Bulding**

Upto 31st March, 2010, the Company was charging depreciation on Buildings at the rate of 1.63% as specified in schedule –XIV of The Companies Act, 1956. From the current financial year, the Company has revised the policy with respect to depreciation on Buildings from rate specified in schedule XIV of the Companies Act to amortization of Building cost over the balance period of Sub-concession Agreement. As a result, additional depreciation of Rs. 739,461 is charged to Expenditure during construction period, pending allocation and Rs. 124,388 to Profit and Loss Account.

g) Depreciation

Depreciation on Fixed Assets, except for those stated in para (i) to (iv) is provided on straight line method (SLM) as per the rates prescribed under Schedule XIV of the Companies Act, 1956, or the rates determined on the basis of useful lives of the respective assets, whichever is higher,

- (i) Cost of Forest Land, Marine Structure, Building, Lease Hold Land Development made in the port area is amortised over the balance period of the Sub-Concession Agreement effective from 3rd January, 2007 with Gujarat Maritime Board and Petronet LNG Limited.
- (ii) Depreciation on Concrete Pumps, included under Plant and Machinery, is provided on the basis of their useful life which is estimated at 5 years.
- (iii) Depreciation on Mobile phones, included under Office Equipments, is provided at the rate of 100% in the year of purchase.
- (iv) Depreciation of individual assets costing upto Rs. 5000/- is provided at the rate of 100% in the year of purchase.
- (v) Lease hold land acquired for construction of conveyor facilities is amortized over the period of 99 years.

h) Intangibles

Intangible assets are amortized on straight line basis over their estimated useful lives as follows:

Intangible Assets	Estimated Useful Life (Years)
Softwares	3 years
Right of Use for GIDC Land	10 years

i) Leases

Where the Company is the lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in Profit and Loss Account on a straight-line basis over the lease term except expense relating to project construction period, which is accounted as Expenditure during construction period, pending allocation.

j) 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 is the estimated current procurement price in the ordinary course of the business.

k) 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.

Port Operation Services

Revenue from port operations services is recognized on proportionate completion method basis based on service rendered.

Dividends

Revenue is recognised when the unit holders' right to receive payment is established by the balance sheet date.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

l) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

m) Segment Reporting Policies

The Company's operating businesses are organised and managed separately according to the nature of services provided, with each representing a strategic business unit that offers different services and serves different category of customers. The analysis of geographical segments is based on the geographical location of the customers.

n) Foreign Currency Translation*Foreign currency transactions***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, in respect of accounting periods commencing on or after December 7, 2006 arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statement, in so far as they relates to the acquisition of a depreciable capital assets, are added to or deducted from the cost of the assets and are depreciated over the balance life of the assets, and in other cases, are accumulated in a “Foreign Currency Monetary Item Translation Difference Account” in the enterprise’s financial statements and amortised over the balance period of such long-term assets/liability but not beyond accounting period ending on or before 31st March, 2011.

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.

o) **Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets.. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowings of funds.

p) **Employee Benefits**

i) Provident Fund

Retirement benefits in the form of Provident Fund is a defined Contribution Scheme and the contributions are charged to the “Statement of Expenditure during Construction Period Pending Allocation”/ Profit and Loss Account of the year when the contributions to the fund is due. There are no other obligations other than the contribution payable to the trust.

ii) Gratuity

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The company has taken an insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employee and amount paid/payable in respect of the present value of liability for the past services is charged to the “Statement of Expenditure during Construction Period Pending Allocation”/Profit and Loss Account every year. The difference, if any, between the actuarial valuation of the gratuity of the employees at the year end and the balance of the funds with LIC is provided for as liability in the books.

Gratuity liability was provided on actual basis in the previous years as there were few employees in the Company.

iii) Compensated Leave Benefits

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per projected unit credit method.

iv) Actuarial Gains/ Losses

Actuarial Gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

q) Income Taxes

Tax expenses comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act,1961. Deferred income tax reflect the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it has no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

r) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

s) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

t) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. Related Parties

Management has identified the following Companies and individuals as related parties of the Company for the year ended 31st March, 2011 for the purposes of reporting under AS18-Related Party Transactions :

Criteria	Name of Company
Holding Entities	Adani Enterprises Limited, Ultimate Holding Company, w.e.f. September 1, 2010 Mundra Port And Special Economic Zone Limited, Holding Company
Joint Venturer	Petronet LNG Ltd.
Key Management Personnel	1. Mr. Rajeeva Ranjan Sinha, Managing Director [up to 23.03.2011] 2. Dr. Malay Mahadevia, Managing Director [w.e.f 24.03.2011]

4. Leases

Assets taken under operating leases – Office space and residential houses for staff accommodation, are obtained on operating leases. During the year, the Company has incurred Rs.817,587/- (Previous year Rs. 1,23,000) towards lease rentals which have been recognized as Expenditure During Construction Period, pending allocation and Profit and Loss Account, respectively. The lease terms are generally from eleven to thirty three months and are renewable by mutual agreement. There is no sub-lease and the leases are cancellable in nature. There are no restrictions imposed by the lease arrangements. There is neither any contingent rent, nor any escalation clause in the lease agreements.

5. Segment Information

The Company is primarily engaged in the business of developing, operating and maintaining the port and port based 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. There being no business outside India, the entire business has been considered as single geographic segment.

6. Investment in Bharuch Dahej Railway Company Limited

The Company has entered into a participation agreement with Rail Vikas Nigam Limited, Gujarat Maritime Board, Gujarat Narmada Valley Fertilizers Company Limited, Dahej SEZ Limited, Hindalco Industries Limited-Unit Birla Copper and Jindal Infrastructure Industries Limited. on June 16, 2008 (Supplemental to shareholder agreement dated January 12, 2007) to acquire 10.5% stake in Bharuch Dahej Railway Company Limited ('BDRCL'), a special purpose vehicle (SPV), for gauge conversion of Bharuch-Samni-Dahej Railway line between Bharuch and Dahej and subsequent operation and maintenance of the railway line and railway services thereon. The Company has been allotted 10,000,000 equity shares of Rs. 100,000,000/- (Previous year Rs. 99,750,000/-) in BDRCL.

7. Details of employee benefits

- 1) The company has a defined gratuity plan. Every employee gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Company of India (LIC) in form of a qualifying insurance policy w.e.f. September 1, 2010.

The following tables summarise the component of the net benefits expenses recognized in the Statement of Expenditure during Construction Period, pending allocation/ Profit and Loss Account and the funded status and amounts recognized in the balance sheet for the respective plan.

Profit and Loss Account/ Expenditure during construction period, pending allocation**a) Net Employee benefit expenses (recognized in Employee cost)**

Particulars	Gratuity (Funded) March 31,2011
1. Current Service Cost	722,334
2. Past Service Cost	1,047,233
3. Interest cost on benefit obligation	123,744
4. Expected return on plan assets	-
5. Actuarial loss/(gain)	-
6. Net benefit expenses	1,893,311

Balance Sheet**b) Details of Provision for gratuity**

Particulars	Gratuity (Funded) March 31,2011
1. Present value of defined benefit obligation	2,193,097
2. Fair value of plan assets (represents amount out of current year's benefit expense)	1,187,831
3. Surplus/ (deficit) of funds	(1,005,266)
4. Net asset/(liability)	(1,005,266)

c) Changes in Present Value of the defined benefit obligation are as follows:

Particulars	Gratuity (Funded) March 31,2011
1. Defined benefit obligation at the beginning of the period	300,520
2. Current Service Cost	722,334
3. Interest Cost	123,744
4. Actuarial (gain)/loss on obligations	-
5. Benefits paid	734
6. Past Service Cost	1,047,233
7. Defined benefit obligation at the end of the period	2,193,097

d) Changes in Fair Value of Plan Assets are as follows :

Particulars	Gratuity (Funded) March 31,2011
Opening fair value of plan assets	-
Expected return	-
Contributions by employer	1,188,565
Benefits paid	734
Actuarial gains/(losses)	-
Closing fair value of plan assets	1,187,831

Note:

1. The present value of the plan assets represents the balance available with LIC as at the end of the period. The total value of Plan Assets amounting to Rs. 1,187,831 (Previous year NIL) is as certified by the LIC.

2. The total value of plan assets includes Rs. 1,188,565 contributed towards gratuity for 2010-11 (Previous year NIL)

e) The principle assumptions used in determining Gratuity obligations are as follows:

Particulars	Gratuity (Funded) March 31,2011
Discount rate	8.00%
Expected rate of return on plan assets	8.00%
Rate of Escalation in Salary (per annum)	7.00%
Mortality	LIC (1994-96) Ultimate
Withdrawal rate	1.00% to 3.00% depending on age

The disclosure in terms of para 120 of Accounting Standard 15 – Employee Benefits, about defined benefit plan of the Company has been made as per relevant information available with the company. In the previous year, the gratuity expense was provided on actual basis as there were few employees in the Company.

8. The Company has been allotted and handed over 12.00 hectares of Gujarat Industrial Development Corporation (GIDC) land and 13.57 hectares of Gauchar Land from the GMB for the purpose of development of port infrastructure at Dahej. Pending conclusion of Solid Cargo Port Lease and Possession Agreement for land with Gujarat Maritime Board, the Company has provided annual lease rent on such land on best estimate basis from the date of handover of land to the Company. The Company has provided Lease Rental Charges of Rs. 19,154,687/- for the current year (Previous Year : 14,000,000/-).

In relation to the above subject matter, the Company had made a deposit Rs. 17,000,000 with Gujarat Maritime Board (GMB) through Petronet LNG Limited in the financial year 2007-08 towards allotment of leasehold land which is outstanding as advance at the year end. The Company propose to recover this deposit from GMB and accordingly same has been classified as current assets under Schedule 10.

9. 'MODVAT Credit (Input) Receivable' and 'Service Tax Credit (Input) Receivable' under Schedule 9 to the financial statements represents excise duties, countervailing duties and service tax amount paid by the Company on input capital goods, inputs and input services which is proposed to be set off from the service tax payments on the port activities.

During the year, the Company received a demand-cum-show cause notice from Directorate General of Central Excise Intelligence for recovery of Rs. 354,060,223/- on input credits availed by the Company. The Company based on the appeal filed with Appellate Tribunal supported by an external opinion taken in the matter is of the view that, currently, Company

does not have any probable liability which is payable to the department. The details are disclosed in contingent liability below.

10. Management represents that, based on the information available, the company has not been informed by any supplier of being covered under the Micro, Small and Medium Enterprises Development Act 2006. As a result, no interest provision or payments have been made by the Company to such suppliers, if any and no related disclosures are made in these accounts.
11. The Company has acquired 17.78 hectare of land from GIDC on a lease of 99 years for setting up Railway Siding area for a Bulk Cargo including GD/ staking yard at an upfront payment of Rs.93,548,500 subject to settlement of total consideration amount payable to GIDC, if any. During the year, GIDC handed over the land to the Company pending conclusion of agreement between the Company and the GIDC. The land has been capitalized in the books as Company has taken possession of the land during the year.

12. Earnings per share (EPS)

Particulars	2010-11	2009-10
Net Loss as per Profit and Loss Account for calculation of EPS	32,293,767	10,797,878
Number of Equity Shares at the beginning of the year	260,442,308	64,110,000
Add : Weighted average number of equity shares	18,009,693	34,537,026
Weighted average number of equity shares in calculating basic EPS	278,449,271	98,647,026
Basic and Diluted Earnings (Loss) Per Share (in Rupees)	(0.12)	(0.11)

Basic and Diluted Earning Per share has been calculated on the weighted average number of shares outstanding during the period i.e.278,449,271 shares. 'Share application money pending allotment' has not been considered for computation of Diluted Earnings per share, as it is considered to be anti-dilutive.

13. The various components of Deferred Tax items are as under :

Particulars	2010-11
(A) Deferred Tax Liability- Differences in depreciation in block of fixed assets as per tax books and financials books	(155,951,279)
(B) Deferred Tax Asset- Unabsorbed depreciation	150,406,819
Net Deferred Tax Assets (A-B)	(5,544,460)

The Company has recognized deferred tax assets on unabsorbed depreciation as at the year end because the Company has support from its Ultimate Holding Company, Adani Enterprises Limited in terms of availing Cargo handling services from the port facilities developed by the Company. The Company has adequate operating margins in providing Cargo handling

services during the current year and it expects that based on support from Ultimate holding Company it would have adequate margins in next year also.

14. Capital Commitments

(Amount in Rs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for	1,466,503,668	3,040,960,531

15. Contingent Liabilities not provided for

- a) The Company has imported duty free plant and machinery for its Solid Cargo Port Terminal Project under the EPCG Scheme for which an export obligation of Rs. 1,926,154,968 (Previous Year Rs 164,426,896) is pending which is equivalent to 8 times of duty saved Rs 240,769,371 (Previous Year Rs 20,553,362). The export obligation has to be completed within 8 years of import of plant and machinery.
- b) Notice received from Superintendent of Service Tax Department and Show cause from Directorate General of Central Excise Intelligence for wrong availing of Cenvat credit /Service Tax credit and Education Cess on inputs, capital inputs and input services on port project amounting to Rs.354,060,223 (Previous Year-Rs.Nil). The Company has filled an appeal before the Customs, Excise and Service Tax Appellate Tribunal in the matter.

The Company has taken an external opinion in the matter based on which the management is of the view that currently Company does not have any probable liability in the matter. Further, the management represents that in the event of disallowance of Cenvat credit by the Adjudicating Authority, the cenvat credit availed by the Company, pending utilization, will be capitalized to the cost of Fixed Assets.

16. As per Handling of Cargo in Customs Areas Regulation,2009, the Company, currently, has been given approval by the Commissioner of Customs for custody and handling of import/exported goods of Adani group Companies w.e.f August 27,2010. For the third party cargo handled by the Company during the year, the Company has taken the specific approvals of Customs Authorities whenever such cargo was handled at the port. The Company is in the process of obtaining approval from Customs Authorities for handling the Cargo completely on the commercial basis.

17. Supplementary Statutory Information

a) Details of Payment to Auditors

(Amount in Rs.)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Audit fee	550,000	425,000
Certification and other services	-	-
Reimbursement of Expenses	-	10,000
Total	550,000	435,000

The fee amount does not include service tax of Rs. 56,650 (previous year Rs.43, 775) for which credit has been availed by the Company.

b) Expenditure in Foreign Currency (on accrual basis)

(Amount in Rs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Professional Fees	-	2,120,095
Interest	48,564,621	

c) Value of imports calculated on CIF basis

(Amount in Rs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Capital goods	519,219,585	49,561,211
Stores & Spares	1,792,963	-

18. Previous Year Comparatives

The Profit and Loss Account of the current year is not comparable with the previous year as Company commenced its port operations w.e.f. September 1, 2010. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For S. V. Ghatalia & Associates
Firm Registration No.: 103162W
Chartered Accountants

For and on behalf of the Board of Directors
Adani Petronet (Dahej) Port Private Limited

per Santosh Aggarwal
Partner
Membership No. 093669

Dr. Malay Mahadevia **B. Ravi** **Kamlesh Bhagia**
[Chairman and Managing Director] [Director] [Company Secretary]

Place: Ahmedabad
Date: May 2, 2011

Place: Ahmedabad
Date: May 2, 2011