

MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED

Regd. Office: "Adani House", Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009

NOTICE

NOTICE is hereby given that Fifth Annual General Meeting of Mundra SEZ Textile And Apparel Park Private Limited will be held on Friday, the 6th August, 2010 at 3.00 p.m. at Board Room, Adani House, Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad - 380009, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Bharat Vedant, who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ravi Iyer, who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Pankaj Modi who was appointed as an Additional Director by the Board of Directors under section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company retiring by rotation."

6. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. B. Ravi who was appointed as an Additional Director by the Board of Directors under section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company retiring by rotation."

Date: 06.05.2010
Place: Ahmedabad

Regd. Office:
Adani House,
Nr. Mithakhali Six Roads,
Navrangpura,
Ahmedabad – 380 009.

By order of the Board



Paresh Patel
Company Secretary

MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED

Regd. Office: "Adani House", Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member.
2. The instruments appointing proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

Mr. Pankaj Modi was appointed as an Additional Director of the Company w.e.f. 20th March, 2010 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he continues to hold office as Director until the conclusion of the ensuing Annual General Meeting. Board considers it desirable that the Company should continue to avail his services.

Board recommends the resolution to the members for their approval for his appointment as a Director liable to retire by rotation.

None of the Directors except Mr. Pankaj Modi is interested in the Resolution.

ITEM NO. 6

Mr. B. Ravi was appointed as an Additional Director of the Company w.e.f. 6th May, 2010 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he continues to hold office as Director until the conclusion of the ensuing Annual General Meeting. Board considers it desirable that the Company should continue to avail his services.

Board recommends the resolution to the members for their approval for his appointment as a Director liable to retire by rotation.

None of the Directors except Mr. B. Ravi is interested in the Resolution.

Date: 06.05.2010
Place: Ahmedabad

Regd. Office:
Adani House,
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By order of the Board



Paresh Patel
Company Secretary

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Regd. Office: "Adani House", Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009

DIRECTORS' REPORT

To,
The Members,

Your Directors present herewith Fifth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

Operations:

Your Company's project on Common Infrastructure facilities are nearing completion as per the contracts awarded. Your company has also received the Installment of grant-in-aid of Rs. 12 crores from the Government of India, taking the total grant release to Rs. 36 crores.

During the year under review majority of units have received various permission from the Development Commissioner of the SEZ to set up their units as per SEZ Act & Rules. Two units commenced operation during this period and three units are at various stages of construction.

Financial Highlights:

During the year under review total income earned is Rs. 3.00 Crores against expenditure of Rs. 4.37 Crores including depreciation amounting to Rs. 2.02 Crores. The Net Loss after tax during the year under review is Rs. 1.36 Crores.

Dividend:

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

Fixed Deposits:

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

Directors:

Mr. Pankaj Modi and Mr. B. Ravi were appointed as Additional Directors on the Board of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956, these Directors hold office upto the date of ensuing Annual General Meeting and being eligible offer themselves for appointment.

Ministry of Textiles had withdrawn nomination of Mr. Bishwanath Sinha as Nominee Director. Mr. Manish Kumar Gupta was appointed as Nominee Director from Ministry of Textiles in place of Late Mr. J. K. Prasad. Board of Directors places its deepest condolence on sad demise of Mr. J. K. Prasad, Nominee Director of the Company.

As per Section 256 of the Companies Act, 1956; Mr. Bharat Vedant and Mr. Ravi Iyer are liable to retire by rotation and being eligible offer themselves for reappointment. Board recommends the appointment of the Directors of the Company.

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During the year under review Mr. Samir Vora has resigned from the Board of Directors. The Board places on record the deep appreciation for valuable services and guidance provided during the tenure of his directorship.

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. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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 year and of the profit or loss of the company for that year;
3. The 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. 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, Foreign Exchange Earnings and Outgo:

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

Personnel:

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

MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED

Regd. Office: "Adani House", Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009

Acknowledgement:

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

For & on behalf of the Board of Directors

Date: 06.05.2010

Place: Ahmedabad



Rajeeva Ranjan Sinha
Chairman

AUDITORS' REPORT

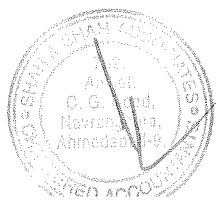
To,

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

1. We have audited the attached Balance Sheet of **MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED**, as at 31st March, 2010, 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,2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies 1956.



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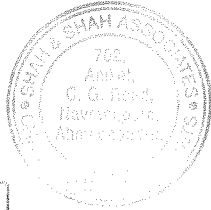
SHAH & SHAH ASSOCIATES
CHARTERED ACCOUNTANTS

702, ANIKET,
MUNICIPAL MARKET,
NAVRANGPURA,
AHMEDABAD – 380 009
PHONE: 26465433
FAX : 079 – 26406983
Email: ca@shahandshah.co.in

- (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 :
- in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - in the case of the Cash Flow Statement , of the cash flow for the year ended on that date.

Place : Ahmedabad

Dated : 6 MAY 2010



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

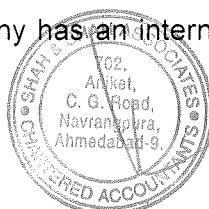
N. C. Tanna

PARTNER
(VASANT C.TANNA)
Membership No. 100422

Annexure to the Auditors' Report

Re: MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED
(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets:
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As informed to us, the fixed assets have been physically verified by the management during the year and according to information and explanations given to us no discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the company has not disposed off a substantial part of fixed assets.
2. The company is engaged in the business of rendering of services by way of Lease/ sub lease of land, Factory Buildings and infrastructure usage facilities and does not maintain any type of inventories. Therefore, the provisions of clause 4(ii) of the paragraph are not applicable to the company.
3.
 - (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses (iii)(b) to iii(d) of Paragraph-4 of the order are not applicable to the company for the current year.
 - (b) The company has taken unsecured loan from its holding company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs.1,50,00,000/- and the year-end balance of such loan taken is Rs.Nil.
 - (c) In our opinion the rate of interest and other terms and conditions on which such loan has been taken by the Company are not prima facie, prejudicial to the interest of the company.
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, 2010 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.

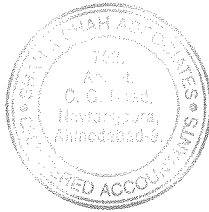


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CHARTERED ACCOUNTANTS**

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



Place : Ahmedabad

Dated : 6 MAY 2010

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

N. C. Tanna

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

MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED

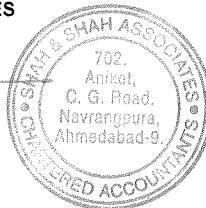
BALANCE SHEET AS AT 31ST MARCH, 2010

| Particulars | Schedule | Amount Rupees | As at 31/03/2010 Rupees | Amount Rupees | As at 31/03/2009 Rupees |
|---|----------|------------------|-------------------------------|------------------|-------------------------------|
| SOURCES OF FUNDS: | | | | | |
| Share Holders' Funds: | | | | | |
| Share Capital | 1 | 43,774,000 | | 40,536,000 | |
| Reserves & Surplus | 2 | 360,000,000 | 403,774,000 | 240,000,000 | 280,536,000 |
| Share Application Money (Pending Allotment) | | | 5,298,100 | | 9,754,100 |
| Amount Received under Long Term Lease/Sub Lease/Infrastructure Usage Agreements (See Note 3 of Schedule 11) | 3 | | 290,579,269 | | 221,672,530 |
| TOTAL | | | 699,651,369 | | 511,962,630 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets: | | | | | |
| Gross Block (At Cost) | 4 | 695,618,105 | | 567,147,407 | |
| Less : Depreciation | | 47,853,766 | | 27,625,735 | |
| Net Block | | | 647,764,339 | | 539,521,672 |
| Investments | 5 | | - | | 24,895,645 |
| Current Assets, Loans & Advances | 6 | 95,502,439 | | 41,334,855 | |
| Less: Current Liabilities & Provisions | 7 | 62,268,983 | | 98,959,752 | |
| Net Current Assets | | | 33,233,456 | | (57,624,897) |
| Miscellaneous Expenditure : (To the Extent not Written Off or Adjusted) | 8 | | 262,166 | | 349,555 |
| Profit & Loss Account: Balance as per Annexed Account | | | 18,391,408 | | 4,820,655 |
| TOTAL | | | 699,651,369 | | 511,962,630 |
| SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS | 11 | | | | |

AS PER OUR REPORT ATTACHED.

For SHAH & SHAH ASSOCIATES
Chartered Accountants

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



COMPANY SECRETARY

For, MUNDRA SEZ TEXTILE AND APPAREL
PARK PRIVATE LIMITED

DIRECTOR

DIRECTOR

PLACE: AHMEDABAD

DATED: 6 MAY 2010

PLACE: AHMEDABAD

DATED: 6 MAY 2010

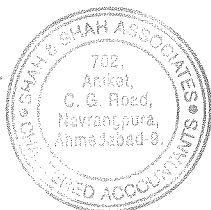
MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED

PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2010

| Particulars | Schedule | For the Year Ended 31/03/2010 Rupees | For the Year Ended 31/03/2009 Rupees |
|---|----------|--------------------------------------|--------------------------------------|
| <u>INCOME:</u> | | | |
| Income from operations | 9 | 29,060,268 | 16,622,867 |
| Interest Received (Gross, TDS Rs.1,31,157/- Previous Year Rs. Nil) | | 747,313 | 7,901 |
| Dividend Received | | 277,928 | - |
| Excess Provision written Back | | 3,605 | - |
| Miscellaneous Income | | 1,000 | - |
| TOTAL | | 30,090,114 | 16,630,768 |
| <u>EXPENDITURE</u> | | | |
| Operating & Administrative Expenses | 10 | 23,432,805 | 13,807,950 |
| Depreciation & Amortisation | | 20,228,031 | 7,627,578 |
| | | 43,660,836 | 21,435,528 |
| Loss For the year before Taxation | | 13,570,722 | 4,804,760 |
| Less: Provision For Taxation | | | |
| Provision/Short Provision of Fringe Benefit Tax | | (30) | (15,895) |
| Net Loss for the Year | | 13,570,752 | 4,820,655 |
| Add:Balance brought forward from Previous Year | | 4,820,655 | - |
| Balance Carried to Balance Sheet | | 18,391,408 | 4,820,655 |
| Basic and diluted Earning per Share (Rs.) (See Note 9) | | (3.23) | (1.56) |
| SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS | 11 | | |

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

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



For, MUNDRA SEZ TEXTILE AND
APPAREL PARK PRIVATE LIMITED

[Signature]
COMPANY SECRETARY

[Signature]
DIRECTOR
[Signature]
DIRECTOR

PLACE: AHMEDABAD

DATED: 6 MAY 2010

PLACE: AHMEDABAD

DATED: 6 MAY 2010

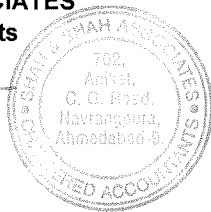
MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

| | For the Year ended on 31/03/2010 (Rs.) | For the Year ended on 31/03/2009 (Rs.) |
|---|--|--|
| A Cash Flow from Operating Activities | | |
| Net Loss before taxation and extraordinary items | (13,570,722) | (4,804,760) |
| Adjustments for: | | |
| Depreciation | 20,228,031 | 7,627,578 |
| Preliminary Expenses Written Off | 87,389 | 87,389 |
| Interest received | (747,313) | (7,901) |
| Dividend Received | (277,928) | |
| Amortization of amounts received under Long-term lease/infrastructure usage agreeme | (13,505,001) | (6,563,170) |
| Operating Profit before working capital changes: | (7,785,544) | (3,660,864) |
| Adjustments for: | | |
| Decrease/(Increase) in Debtors | 22,222,680 | (23,511,089) |
| Decrease/(Increase) in Loans & Advances | 16,646,799 | 228,578 |
| Increase/(Decrease) in Current Liabilities | (36,690,769) | (164,644,722) |
| Increase/(Decrease) in Amount received under long term agreements | 82,411,740 | 228,235,700 |
| Cash Flow from Operating Activities | 76,804,906 | 36,647,603 |
| Direct Taxes Paid/tax deducted at source (Net) | (498,222) | (219,181) |
| Net Cash Flow from Operating Activities | 76,306,684 | 36,428,422 |
| B Cash Flow From Investing Activities | | |
| Interest received | 747,313 | 7,901 |
| Dividend Received | 277,928 | - |
| Proceeds from Sale of Non Trade Investments | 24,895,645 | 32,065,774 |
| Purchase of Fixed Assets incl. Expenditure during construction period | (128,470,698) | (201,722,234) |
| Net Cash Flow from Investing Activities | (102,549,812) | (169,648,559) |
| C Cash Flow From Financing Activities | | |
| Grant Received | 120,000,000 | 120,000,000 |
| Share Capital Issued | 3,238,000 | 9,862,000 |
| Share Application Money received/adjusted | (4,456,000) | (6,616,095) |
| Net Cash Flow from Financing Activities | 118,782,000 | 123,245,905 |
| Net change in Cash or Cash Equivalent(A+B+C) | 92,538,872 | (9,974,231) |
| Add: Cash and Cash Equivalent at beginning of the period | 891,961 | 10,866,192 |
| Cash and Cash Equivalent at end of the period | 93,430,833 | 891,961 |

For SHAH & SHAH ASSOCIATES
Chartered Accountants

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



COMPANY SECRETARY

For, MUNDRA SEZ TEXTILE AND
APPAREL PARK PRIVATE LIMITED

DIRECTOR

DIRECTOR

PLACE : AHMEDABAD

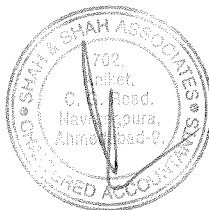
DATED: 5 MAY 2010

PLACE: AHMEDABAD

DATED: 6 MAY 2010

SCHEDULE FORMING PART OF THE ACCOUNTS

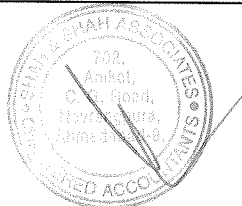
| PARTICULARS | | AS AT | AS AT |
|--|--|----------------------|----------------------|
| | | 31/03/2010 RUPEES | 31/03/2009 RUPEES |
| SCHEDULE - 1 | | | |
| SHARE CAPITAL | | | |
| Authorised 50,00,000 Equity Shares of Rs.10/- each | | 50,000,000 | 50,000,000 |
| Issued & Subscribed: 43,77,400(Previous year 40,53,600) Equity Shares of Rs. 10/- each fully paid-up (Out of above 24,50,000 Equity Shares are held by the holding company Mundra Port and Special Economic Zone Limited) | | 43,774,000 | 40,536,000 |
| TOTAL | | 43,774,000 | 40,536,000 |
| SCHEDULE -2 | | | |
| RESERVES & SURPLUS: | | | |
| Capital Reserve: | | | |
| Government Grant under Integrated Textile Parks Scheme of Ministry of Textiles, Government of India: | | | |
| Balance as per Last Balance Sheet | | 240,000,000 | 120,000,000 |
| Add: Received during the year. | | 120,000,000 | 120,000,000 |
| TOTAL | | 360,000,000 | 240,000,000 |
| SCHEDULE -3 | | | |
| Amount Received under Long Term Lease/Sub Lease/Infrastructure Usage Agreements (See Note 3 of Schedule 11) | | | |
| Balance as per last Balance Sheet | | 221,672,530 | - |
| Add: Amount received during the year | | 82,411,740 | 228,235,700 |
| Less: Transferred to Income from Operations | | 13,505,001 | 6,563,170 |
| TOTAL | | 290,579,269 | 221,672,530 |



SCHEDULE FORMING PART OF THE ACCOUNTS

| PARTICULARS | AS AT | | |
|---|----------------------|-------------------------|----------------------|
| | 31/03/2010 RUPEES | 31/03/2009 RUPEES | |
| SCHEDULE-5 Investments: (Quoted, Non Trade, Current Investments) Nil Units (Previous year 2485840.868 Units) of DWS Ultra Short term fund-institutional Plan-Daily Dividend | - | 24,895,645 | |
| TOTAL | - | 24,895,645 | |
| Aggregate Cost of Quoted Investments | - | 24,895,645 | |
| Market Value of Quoted Investments | - | 24,895,645 | |
| Following Non-trade Investments have been Purchased & Sold during the year: | | | |
| Description | Units | Purchase Amt.Rs. | Sales Amt.Rs. |
| DWS Ultra Short term fund-Institutional Plan-Daily Dividend | 27,018,377 | 270,667 | 270,667 |

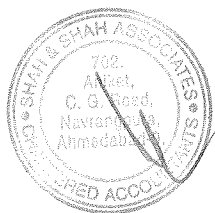
| SCHEDULE-6 | | | |
|--|------------|-------------------|-------------------|
| CURRENT ASSETS LOANS & ADVANCES: | | | |
| (A) CURRENT ASSETS | | | |
| Sundry Debtors (Unsecured, Considered Good) | | | |
| Debt outstanding for a period of less than six month | | - | 23,511,089 |
| Debt outstanding for a period of More than six month | | 1,288,409 | - |
| (Debtors includes due from a private limited company in which a Director of the company is a Director Rs.12,88,409/- . Previous year Rs.Nil) | | | |
| Cash and Bank Balances: | | | |
| Cash on Hand | 121 | | 6,811 |
| Balance with Schedule Bank in : | | | |
| Current Accounts | 14,286,624 | | 711,701 |
| Fixed Deposits (including interest accrued thereon) (includes FDR of Rs.1,78,260/- (Previous year Rs.1,85,000/- under Lien with Government Authorities) | 79,144,088 | | 173,449 |
| | | 93,430,833 | 891,961 |
| TOTAL :(A) | | 94,719,242 | 24,403,050 |
| (B) LOANS & ADVANCES | | | |
| (Unsecured, Considered good) | | | |
| Advances recoverable in cash or in kind or for value to be received | | 81,674 | 16,728,473 |
| Advance tax & tax deducted at source (incl. Fringe Benefit Tax & Net of Provisions) | | 701,523 | 203,332 |
| TOTAL :(B) | | 783,197 | 16,931,805 |
| TOTAL (A) + (B) : | | 95,502,439 | 41,334,855 |
| SCHEDULE-7 | | | |
| CURRENT LIABILITIES & PROVISIONS: | | | |
| Current Liabilities: | | | |
| Sundry Creditors (Other than Micro, Small & Medium Enterprises) | | 17,930,055 | 51,823,212 |
| Advance against sub lease and infrastructure usage pending execution of Agreements | | 32,081,418 | 43,333,822 |
| Retention Money Deposit/Security Deposits | | 5,976,007 | 2,877,711 |
| Other Liabilities | | 6,271,971 | 919,392 |
| TOTAL :(A) | | 62,259,451 | 98,954,137 |
| Provisions: | | | |
| For Employee Gratuity | | 9,532 | 5,615 |
| TOTAL :(B) | | 9,532 | 5,615 |
| TOTAL (A) + (B) : | | 62,268,983 | 98,959,752 |
| SCHEDULE-8 | | | |
| MISCELLANEOUS EXPENDITURE : | | | |
| (To the extent not written off or adjusted) | | | |
| Preliminary Expenses: | | | |
| Balance as per last Balance Sheet | | 349,555 | 436,944 |
| Less: Written Off during the year | | 87,389 | 87,389 |
| TOTAL | | 262,166 | 349,555 |



MUNDRA SEZ TEXTILE AND APPAREL PARK PRIVATE LIMITED

SCHEDULE FORMING PART OF THE ACCOUNTS

| PARTICULARS | For the Year Ended 31/03/2010 RUPEES | For the Year Ended 31/03/2009 RUPEES |
|--|--|--|
| SCHEDULE - 9 | | |
| <u>INCOME FROM OPERATIONS:</u> | | |
| Annual Sub Lease Rent | 15,555,267 | 10,059,697 |
| Pro rata Annual Lease/ Sub Lease and Infrastructure Usage Income | 13,505,001 | 6,563,170 |
| TOTAL | 29,060,268 | 16,622,867 |
| SCHEDULE -10 | | |
| <u>OPERATING & ADMINISTRATIVE EXPENSES:</u> | | |
| Annual Lease Rent | 5,647,838 | 3,281,804 |
| Annual Infrastructure Usage Charges | 16,943,515 | 9,845,413 |
| Rates and Taxes | 125,887 | 74,124 |
| Salary, Wages and Bonus | 214,169 | 203,855 |
| Printing, Stationery & Telephone Expenses | 6,555 | 5,526 |
| Legal And Professional Fees | 60,132 | 41,507 |
| <u>Payment to Auditors:</u> | | |
| For Audit Fees | 33,090 | 33,090 |
| For Tax Audit Fees | 5,515 | 5,515 |
| For Other services | 5,000 | 7,865 |
| | 43,605 | 46,470 |
| Travelling & Conveyance Expenses | 224,169 | 198,340 |
| Preliminary Expenses Written Off | 87,389 | 87,389 |
| General Charges | 79,546 | 23,522 |
| TOTAL | 23,432,805 | 13,807,950 |



SCHEDULE FORMING PART OF THE ACCOUNTS

SCHEDULE - 11

Background:

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

1 **Statement of Significant Accounting Policies :**

a) **Basis of Preparation**

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

b) **Use of estimates**

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

c) **Fixed assets:**

Fixed assets are stated at cost less accumulated Depreciation/Amortisation. Cost comprises the purchase price all incidental expenses incurred to bringing the assets to its working condition for its intended use. Cost of Leasehold Land includes leasehold improvements and infrastructure development charges. Expenditure during construction period will be appropriated towards fixed assets in the year of completion of the project.

d) **Depreciation:**

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

e) **Government Grant:**

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

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

f) **Investments:**

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

g) **Revenue Recognition**

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

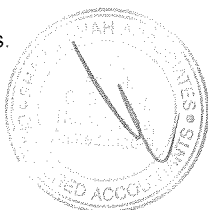
h) **Income Taxes**

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

i) **Miscellaneous Expenditure**

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

j) Gratuity liability is provided for on accrual basis.



2 Contingent Liabilities:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account Rs.1125.10 Lacs (Previous Year Rs. 641.55 Lacs)

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

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

The company has entered in to long term agreements granting lease of factory buildings and sub leases out of its leasehold land rights to infrastructure facilities for the period of the sub leases. The company has received upfront amounts in consideration of grant of the lease of buildings and sub-leases and rights to use its infrastructure facilities. Unamortized amounts received under long term Lease/sub leases/infrastructure usage agreements at the end of the year amounting to Rs.29,05,79,269/- (Previous year Rs.22,16,72,530) has been separately disclosed in the Balance Sheet.

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

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

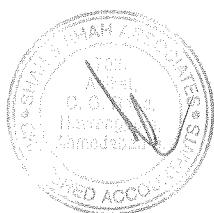
6 As stated in note No.5 above regarding availability of deduction u/s.80IAB of the Income Tax Act,1961 and in absence of virtual certainty that sufficient future taxable income will be available, deferred tax asset has not been recognised.

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

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

| Particulars | Up to 31/03/2009 Amount Rs. | For the year ended on 31/03/2010 Amount Rs. | Total up to 31/03/2010 Amount Rs. |
|--|-----------------------------------|--|---|
| Travelling & Conveyance expenses | 171,457 | - | 171,457 |
| Legal & Professional Fees | 4,239,575 | - | 4,239,575 |
| Auditors' Remuneration | 28,081 | - | 28,081 |
| Printing and Stationery | 75,944 | - | 75,944 |
| Salaries | 85,078 | - | 85,078 |
| Depreciation & Amortisation | 19,998,157 | - | 19,998,157 |
| Annual Lease Rent | 3,832,614 | - | 3,832,614 |
| Infrastructure Usage Charges | 11,497,841 | - | 11,497,841 |
| Provision for Taxation (Incl.Fringe Benefit Tax) | 978,668 | - | 978,668 |
| Interest Paid on Unsecured Loan | - | 610,275 | 610,275 |
| Misc Expenses | 476,400 | - | 476,400 |
| Total | 41,383,815 | 610,275 | 41,994,090 |
| Less : | | | |
| Miscellaneous Income | 43,000 | - | 43,000 |
| Interest earned | 2,948,669 | - | 2,948,669 |
| Dividend | 3,432,825 | - | 3,432,825 |
| | 6,424,494 | - | 6,424,494 |
| | 34,959,320 | 610,275 | 35,569,595 |
| Less: Expenditure Capitalized | 2,788,875 | 14,128,045 | 16,916,920 |
| Total | 32,170,445 | (13,517,770) | 18,652,675 |

| Earning Per Share (EPS) | 2009-10 | 2008-2009 |
|--|---------------|---------------|
| Opening Nos. of Equity Shares for calculating Basic & Diluted EPS | 4,053,600 | 3,067,400 |
| No. of Shares issued during the year | 323,800 | 986,200 |
| Closing Nos. of Equity Shares for calculating Basic & Diluted EPS | 4,377,400 | 4,053,600 |
| Net Profit as per profit and Loss Account | (13,570,752) | (4,820,655) |
| Weighted No. of equity Shares considered for Calculating Basic & Diluted EPS | 4,203,915 | 3,086,313 |
| Basic & Diluted Earning Per Share (EPS) | (3.23) | (1.56) |



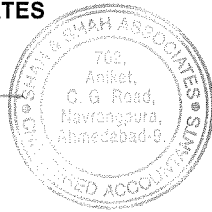
10 Previous year figures have been regrouped/reclassified to make them comparable with the current year figures.

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

| [1] Name of the related Party | Nature of Relationship | |
|--|------------------------|--------------|
| Mundra Port and Special Economic Zone Ltd. | Holding Company | |
| [2] Transactions with related parties : | 2009-10 | 2008-09 |
| Nature of Transaction | Amount (Rs.) | Amount (Rs.) |
| Annual Lease Rent & Infrastructure Usages Charges | 22,591,353 | 22,580,544 |
| Amount unpaid towards Upfront Lease and for use of Infrastructure Facility | - | 19,144,225 |
| Unsecured Loan Obtained & repaid | 15,000,000 | 30,000,000 |
| Purchase of Construction Materials | 1,726,665 | 63,180 |
| Unpaid Annual Lease Rent as at end of the year | - | 4,720,281 |
| Interest Paid on Unsecured Loan | 610,275 | - |
| Sale of Construction Materials | 712,015 | - |
| Reimbursement of Expenses | 64,081 | - |

For **SHAH & SHAH ASSOCIATES**
Chartered Accountants

N. C. Tanna



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


COMPANY SECRETARY

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



DIRECTOR



DIRECTOR

PLACE: AHMEDABAD

DATED: 6 MAY 2010

PLACE: AHMEDABAD

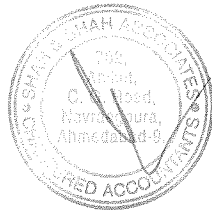
DATED: 6 MAY 2010

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

| | |
|---|---|
| 1 | Registration Details Registration No. : 46978 State Code No. : 4 Balance Sheet Date : 31/03/2010 |
| 2 | Capital raised during the year Public Issue (Issue through the prospectus) : NIL Right Issue : NIL Bonus Issue : NIL Private Placement : 3238 |
| 3 | Position of Mobilisation and Deployment of Funds (Rs. in thousands) Total Liabilities * : 699,651 Total Assets : 699,651 Sources of Funds Paid up Capital : 43,774 Share Application Money (Pending Allotment) : 5,298 Reserve and Surplus : 360,000 Secured Loans : - Unsecured Loans : - Application of Funds Net Fixed Assets : 647,764 Investments : - Net Current Assets : 33,233 Accumulated Losses : 18,392 Miscellaneous Expenditure : 262 |
| 4 | Performance of Company Turnover : 30,090 Total Expenditure : 43,661 Profit/(Loss) Before Tax : (13,571) Profit/(Loss) After Tax : (13,571) Earning per Share in Rs. : (3.23) Dividend Rate % : NA |
| 5 | Generic Name of Principal Product of Company (as per monetary terms) : Item Code No. : NA Product Description : NA |

*Total Liabilities include Deferred Liabilities under Lease/Sub-Lease/Infrastructure usage agreement of Rs.290579 thousands.

Signatures to Schedule 1 to 11



COMPANY SECRETARY

For, MUNDRA SEZ TEXTILE AND APPAREL
PARK PRIVATE LIMITED

[Signature]
DIRECTOR

[Signature]
DIRECTOR

PLACE : AHMEDABAD

DATE : 6 MAY 2010