



GOKAK POWER & ENERGY LIMITED
A SUBSIDIARY COMPANY

Annual Report
2011 - 2012

DIRECTORS	:	SHAPOOR P. MISTRY – <i>Chairman</i> H.S.BHASKAR S. MUKUNDAN C. G. SHAH KAIWAN KALYANIWALLA
PRINCIPAL BANKERS	:	ICICI BANK LTD
AUDITORS	:	MURUGESH & COMPANY
REGISTERED & CORPORATE OFFICE	:	NO.24, 29TH MAIN BTM LAYOUT II STAGE BANGALORE - 560 076
PLANTS	:	1. GOKAK FALLS- 591 308 (DISTRICT BELGAUM-KARNATAKA) 2. VILLAGE: DHUPDAL , ARABHAVI HOBLI, TAL: GOKAK , DIST. BELGAUM

**DIRECTORS' REPORT**

To,

The Shareholders

Your Directors submit their first Report and Audited Accounts of the Company for the period from 17.01.2012 to 30.09.2012.

1. FINANCIAL RESULTS:

The summarized financial results are set out below :

(Rs. in Lakhs)

	For the period from 17.01.2012 to 30.09.2012
(a) Gross Income	4.13
<i>Less</i> : Costs	48.63
(b) Balance	(44.50)
<i>Less</i> : Interest and Financial Charges (Net)	(246.77)
(c) Balance	(291.27)
<i>Less</i> : Depreciation	4.03
(d) Loss after depreciation carried to Balance Sheet	(295.30)
<i>Less</i> : Provisions for taxation	-
Net Loss	(295.30)

2. SHARE CAPITAL & DIVIDEND:

The Paid-up-Capital of the Company is Rs.49 Crores. During the first accounting period from 17.01.2012 to 30.09.2012, no dividend for the year is proposed.

3. OPERATIONS :

This is the first year of operations. During the year under review, the Company had only 4 days of commercial production as the plant was transferred on 27.09.2012. Hence, turnover is insignificant.

4. DIRECTORS :

Mr.Shapoor P. Mistry, Mr.H.S.Bhaskar and Mr.S Mukundan were appointed as First Directors of the Company as per clause 95 of the Articles of Association of the Company.

Mr.Shapoor P. Mistry, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr.C. G. Shah and Mr. Kaiwan Kalyaniwalla were appointed as Additional Directors of the Company with effect from 11th May, 2012 and 30th October 2012 respectively and holds office upto the date of ensuing Annual General Meeting. The Board of Directors commends their appointment as the Directors of the Company.

The particulars of Mr.C.G.Shah and Mr. Kaiwan Kalyaniwalla, who are proposed to be appointed at the ensuing Annual General Meeting is furnished in the Explanatory Statement Annexed to the Notice.

6. DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 and based on the representations received from the operating management, the Directors hereby confirm that:-

- a. in the preparation of the annual accounts for the accounting period 17.01.2012 to 30.09.2012, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. they 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 period;
- c. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts for the accounting period ended 30th September, 2012 on a 'going concern' basis.

6. AUDITORS AND AUDIT REPORT :

Messrs. Murugesh & Company, Chartered Accountants, Statutory Auditors of the Company hold office from the conclusion of ensuing Annual General Meeting until the conclusion of next Annual General Meeting and they are eligible for re-appointment.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The particulars as prescribed under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are set out in the Annexure to this Report.

8. PARTICULARS OF EMPLOYEES :

There are no such particulars to be furnished as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011.

9. OUT LOOK :

All the hydro power plants of the company are situated in the same geographical area and depend on Ghataprabha and Hiranyakeshi River. During the current year there is severe drought throughout Karnataka. As a result of which, many parts in the commanding area have not been able to have a regular agricultural production. Keeping this in view, Government will be forced to release maximum water to rabi crop, as a result of which, there will be a shortage of water till next monsoon.

Hidkal dam which has a capacity of 49 TMC is not yet full as of date due to shortage of rainfall in the catchment area. The available water as said earlier will be utilized for rabi crop and balance will be preserved for drinking purposes and subsistence of livestock. Looking to this condition, the over all generation when compared to historical generation will be lower. As the entire unit generated will be consumed by Gokak Textiles Ltd. there will not be any issue of surplus power till next monsoon. Company has identified the potential for increasing the generation capacity from existing 10.8 MW to 12.8 MW. These

projects will be implemented by the company after obtaining all necessary approvals from the regulatory authorities. Our Company is also looking for additional power sites for acquiring to augment the over all generation capacity.

10. ACKNOWLEDGEMENT :

Your Directors wish to place on record their sincere appreciation for the assistance given by the Company's Bankers and acknowledge that their support has been a source of considerable strength. Your Directors thank all stakeholders for their valuable and sustained support, encouragement and look forward to receive similar support and encouragement in the years ahead.

Your Directors also place on record their appreciation for the contribution made by the employees of the Company at all levels.

For and on behalf of the
Board of Directors

Mumbai
31st October, 2012.

SHAPOOR P. MISTRY
Chairman

Registered Office :
No.24, 29th Main, BTM Layout II Stage
Bangalore – 560 076



Information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

(A) Conservation of Energy

Measures taken during the year include the following:-

(a) ENERGY CONSERVATION MEASURES TAKEN FOR THE YEAR 2011-12:

1. Replaced ordinary ballast by new Electronic ballast in the tube lights.
2. Water leakages in shaft sleeve attended to reduce dewatering pump / drainage pump operation
3. Water leakages in Canal attended to increase the efficiency of the hydro set

(b) ADDITIONAL INVESTMENT PROPOSALS:

1. Replacement of ordinary ballast by new Electronic ballast in tube lights
2. Replacement of CFL/LED Type Street lights in place of Sodium vapor lamps.
3. Water leakages in shaft sleeve to be checked continually & to be attended to reduce dewatering pump / drainage pump operation
4. Unnecessary operation of HR gates and DT gates to be controlled.
5. Oil leakages to be attended to reduce auxiliary pump motor operation.

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AUDITOR'S REPORT

To

The Members of Gokak Power & Energy Limited

1. We have audited the attached Balance sheet of **GOKAK POWER & ENERGY LIMITED**, as at 30th September 2012, and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. 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 mis-statement. 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 the management, as well as evaluating 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 issued by the Central Government of India in terms of sub-section of (4A), section of 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said enclose.
4. 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 those books of the Company.
 - (iii) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account of the Company.
 - (iv) In our opinion, the Balance sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 30th September 2012, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 30th September 2012 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of 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 **30th September 2012**, and
 - (b) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
 - (c) In the case of the Cash flow statement for the year ended on that date **30th September 2012**.

For MURUGESH & Co.,
Chartered Accountants

Place : Bangalore
Date : 31st October, 2012

H.B.M.MURUGESH
Proprietor



ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has acquired Fixed Assets from Holding Company(i.e.Gokak Textiles Ltd) . Registration and Stamping of Slum Sale Agreement has not been Completed.
- (ii) Since the company has no inventory, the provisions of the clause (ii) (a), (ii) (b) and (ii) (c) of the order are not applicable.
- (iii) The Company has not granted or taken any loans, secured or unsecured to/from Companies, firms or other parties listed in the register maintained under section 301 of the Act 1956 or to Companies under same management as defined in Section 370(1-B) of the Companies Act, 1956 except trade advance of Rs 15 Lakhs. Since the advance is in the nature of trade advance the reporting requirement under clause (iii)(b),(iii) (c) and (iii) (d) are not applicable for the year under reference.
- (iv) 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 inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that no transaction that need to be entered into a register maintained under section 301 of the Companies Act,1956, have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained Under Section 301 of the Companies Act, 1956, and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) During the year the Company has not accepted any deposits from the public. Hence the provisions of clause 4(vi) of the Order is not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed the maintenance of cost records by the Company under section 209(1) (d) of the Companies Act, 1956, for any of its products.
- (ix) Since the company is newly incorporated there are no undisputed dues by the company and consequently sub-clause (a) & (b) are not applicable.
- (x) Since the company is registered for a period less than five years, the provisions of the clause (x) of the order are not applicable.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders.
- (xii) According to the information and explanation given to us, the Company has not granted any 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 provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanation given to us, and 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. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanation given to us, the company has not made any preferential allotment of share during the year to parties and companies covered in the Register maintained under section 301 of the Act. Accordingly, the provision of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xix) According to the information and explanation given to us, the Company has not issued any debentures during the year.
- (xx) According to the information and explanation given to us, the Company has not raised any money during the year through public issues.
- (xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For MURUGESH & Co.,
Chartered Accountants

Place : Bangalore
Date : 31st October, 2012

H.B.M.MURUGESH
Proprietor

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BALANCE SHEET AS AT SEPTEMBER 30, 2012

	Note	As at September 30 2012 Rupees
EQUITY AND LIABILITIES		
Shareholder's fund		
Share Capital	4	490,000,000
Reserves and Surplus	5	<u>(29,530,175)</u>
		460,469,825
Non current liabilities		
Long Term Borrowings	6	860,000,000
Deferred tax Liabilities (Net)		
Other Long Term Liabilities		
Long Term Provisions		
		<u>860,000,000</u>
Current liabilities		
Short Term Borrowings		
Trade Payables		
Other Current Liabilities	7	16,954,594
Short Term Provisions		
		<u>16,954,594</u>
TOTAL		<u><u>1,337,424,419</u></u>
ASSETS		
Non current assets		
Fixed Assets		
Tangible assets	8	1,199,596,489
Intangible assets		
Capital Work in Progress		
		<u>16,333,620</u>
		<u>1,215,930,109</u>
Non Current Investments		-
Long-Term Loans And Advances		<u>1,215,930,109</u>
Current assets		
Inventories		
Trade Receivables		
Cash And Cash Equivalents	9	120,768,941
Short-Term Loans And Advances	10	725,369
Other Current Assets		
		<u>-</u>
		<u>121,494,310</u>
TOTAL		<u><u>1,337,424,419</u></u>
Significant Accounting Policies	1-3	

The notes are an integral part of the these financial statements

Signatures to Balance Sheet and Schedules

As per our Report attached

For and on behalf of

MURUGESH & CO.,

Chartered Accountants

H B M MURUGESH

Proprietor

Mumbai, 31st October, 2012

SHAPOOR P. MISTRY

Chairman

H. S. BHASKAR

Executive Director

S. MUKUNDAN

Director

C. G. SHAH

Director

KAIWAN KALYANIWALLA

Director

**PROFIT AND LOSS FOR THE PERIOD FROM 17th JANUARY 2012 TO 30TH SEPTEMBER 2012**

	Note	September 30 2012 Rupees
REVENUE		
Revenue from operations (Gross)	11	413,800
Less : Excise Duty		-
Revenue from operations (Net)		413,800
Other Income		-
TOTAL REVENUE		413,800
EXPENSES		
Cost of Raw Materials Consumed		
Employee Benefit Expenses	12	51,212
Other expenses	13	4,811,927
Depreciation	8	403,511
Finance Costs		24,677,325
Total expenses		29,943,975
Profit before tax		(29,530,175)
Tax expense		
Current tax		
Current year		-
Adjustments of earlier years		-
Deferred tax		-
Profit for the year		(29,530,175)
Earnings per share (in Rs) (Basic and Diluted)		(19.60)
Significant Accounting Policies	3	

The notes are an integral part of the these financial statements

Signatures to Balance Sheet and Schedules

As per our Report attached

For and on behalf of

MURUGESH & CO.,
*Chartered Accountants***H B M MURUGESH***Proprietor*

Mumbai, 31st October, 2012

SHAPOOR P. MISTRY

Chairman

H. S. BHASKAR

Executive Director

S. MUKUNDAN

Director

C. G. SHAH

Director

KAIWAN KALYANIWALLA

Director

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CASH FLOW STATEMENT FOR THE PERIOD FROM 17th JANUARY 2012 TO 30TH SEPTEMBER , 2012

	September 30 2012 Rupees
A. Cash flow from operating activities:	
Profit before tax	(29,530,175)
Adjustments for:	
Depreciation	403,511
Interest income	-
Profit on sale of Fixed Assets	-
Interest and financial charges	24,677,325
Profit on sale of investments	-
Dividend Income	-
Provision for Doubtful Debts	-
Operating profit before working capital changes	(4,449,339)
Adjustments for :	
(Increase)/ Decrease in Inventories	-
(Increase)/ Decrease in Trade and other receivables	(725,369)
Increase/ (Decrease) in Trade payables and other liabilities	16,954,594
Cash generated from operations	-
Direct Taxes paid	-
Net cash from operating activities	11,779,886
B. CASH FLOW FROM INVESTING ACTIVITIES	
(Purchase)/Sale of Investments (Net)	-
Purchase of fixed assets, including intangible assets	(1,216,333,620)
Sale of Fixed Assets	-
Interest received	-
Dividend received	-
Net cash (used in)/from investing activities	(1,216,333,620)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds /(Repayments) from Borrowings	860,000,000
Interest paid	(24,677,325)
Increase in Equity capital	490,000,000
Net cash from /(used in) financing activities	1,325,322,675
NET INCREASE/(DECREASE)IN CASH & CASH EQUIVALENTS	120,768,941
Cash and Cash equivalents at the beginning of the year	-
Cash and Cash equivalents at the end of the year	120,768,941
D. COMPONENTS OF CASH AND CASH EQUIVALENTS	
Cash on Hand	600
Balances with banks:	
- In current accounts	120,768,341
- In Margin accounts	-
	120,768,941

Notes

- 1 Figures in brackets indicate cash outflow.
- 2 Since this year being first year of operation, previous year figures are not given

As per our Report attached

Signatures to Balance Sheet and Schedules

For and on behalf of

MURUGESH & CO.,

Chartered Accountants

SHAPOOR P. MISTRY

Chairman

H. S. BHASKAR

Executive Director

S. MUKUNDAN

Director

H B M MURUGESH

Proprietor

Mumbai, 31st October, 2012

C. G. SHAH

Director

KAIWAN KALYANIWALLA

Director



NOTES TO FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012

1 Corporate Information

Gokak Power and Energy Limited is public company incorporated on 17th January 2012 under the provisions of Company's Act 1956. The company is in the business of generation/producing electric power. The Company has acquired 10.8 MW of Hydro power Business during the year. The Company intends to sell the power generated from this combination of long term Power Purchase Agreements and on merchant basis.

2 Basis of Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

3 Accounting Policies

(a) Use of Estimates :

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant fact and circumstances as on the date of financial statements. The actual outcome may diverge from the estimates.

(b) Fixed Assets :

Fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and any other directly attributable costs of bringing the assets to its working condition for its intended use. Adjustments arising from the exchange rates variances relating to liabilities attributable to fixed assets are expensed out.

(c) Depreciation /Amortisation:

Depreciation is provided on pro-rata basis on the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, except for vehicle which is depreciated on written down value method. Items costing less than and up to Rs.5,000 are fully depreciated in the year of purchase.

(d) Investments :

Investments are classified into long-term and current investments. Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature. The fair value of a long-term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment. Current investments are stated at lower of cost and fair value.

(e) Borrowing cost :

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(f) Revenue recognition :

Sales are accounted for on dispatch of goods to the customers and are net of sales tax.

(g) Operating expenses :

Operating expenses and standing charges are charged to revenue on accrual basis.

(j) Provisions and Contingent Liability

A provision is recognised when enterprise has present obligation as a result of past event; it is probable that an outflow of resources will be required to the obligations, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates 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. Reimbursement against a provision is recognised as a separate asset based on virtual certainty. Contingent Assets are not recognised.

(k) Accounting for Taxes on Income

Tax expense for the year comprises of current tax and deferred tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act. Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted / substantively enacted as on the balance sheet date. Provision for deferred tax is made for all temporary timing difference arising between the taxable income and accounting income at currently enacted tax rates. Deferred tax assets, other than un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Assets/Liabilities are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

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NOTES TO FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012

(l) Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, on Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

(m) Impairment

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such condition exists, the company estimates the recoverable amount of the assets. If the recoverable amount of such assets or recoverable amount of cash generating units to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at lower of historical cost or recoverable amount.

(n) Since current year being the first year of operation the previous year figures are not given as they are not applicable

4 Share Capital

	September 30, 2012	
	Number	₹
Authorised		
Equity Shares of ₹ 10 each	49,000,000	490,000,000
Issued, Subscribed and Paid up		
Equity Shares of ₹ 10 each fully paid	49,000,000	490,000,000
Total	49,000,000	490,000,000

(A) Reconciliation of equity shares outstanding at the beginning and end of the reporting year

	September 30, 2012	
	Number	₹
Shares outstanding at the beginning of the year	-	-
<i>Add:</i> Shares Issued during the year	49,000,000	490,000,000
<i>Less :</i> Shares bought back during the year	-	-
Shares outstanding at the end of the year	49,000,000	490,000,000

(B) Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 30th September 2012, the amount of per share dividend recognized as distributions to equity shareholders is NIL .

(C) Details of shares held by shareholders holding 5% of the aggregate shares in the Company

	September 30, 2012	
	Number	%
Gokak Textiles Limited	24,990,000	51%
Shapoorji pallonji Infrastructure Capital Company Limited	24,010,000	49%



NOTES TO FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012

5 Reserves & Surplus

	GPEL September 30, 2012 ₹
General Reserve	
Opening Balance	-
(+) Transfer from Profit and Loss	(29,530,175)
(-) Utilised for creation of Capital redemption reserve	-
(-) Utilised for premium on buy back of shares	-
Closing Balance	(29,530,175)
Surplus in Statement of Profit and Loss	
Opening balance	-
(+) Net profit for the current year	(29,530,175)
(-) Transfer to General Reserve	-
Closing Balance	(29,530,175)

6 Long Term borrowings

	GPEL March 31, 2012 ₹
Secured	
Term Loan	860,000,000
Total	860,000,000

Nature of Security : First ranking mortgage/hypothecation/assignment/security interest /charge /pledge on all the moveable ,immovable both present and future ,all rights,titles,permits,approvals and interests of the company in ,to and in respect of all the assets of the company ,all clearances in relation to the project as well as in the project documents,all contractor guarantees ,performance bonds and any letter of credit provided to the company.,all insurance contracts,all bank accounts in relation to the project and pledge of equity shares representing 30% of the shares.

7 Other Current Liabilities

	GPEL September 30, 2012 ₹
Current Maturities of Long Term Borrowings	
Interest Accrued but not due	883,562
Audit Fee payable	100,000
Other Employee Liabilities	51,212
Other Payables	15,919,820
Total	16,954,594

There are no amounts due for payments to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

8 FIXED ASSETS

Description of Assets	Addition	As on Sept. 30, 2012	For the year	As on Sept. 30, 2012	As on Sept. 30, 2012
A Tangible Assets					
Building	735,409,772	735,409,772	201,885	201,885	735,207,887
Plant and Machinery	464,520,000	464,520,000	201,589	201,589	464,318,411
Furniture, Fixtures and Office Equipment	70,228	70,228	37	37	70,191
Total Tangible Assets	1,200,000,000	1,200,000,000	403,511	403,511	1,199,596,489
B Intangible Assets					
Total Intangible Assets	-	-	-	-	-

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NOTES TO FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012

9 Cash and Bank Balances

	GPEL September 30, 2012 ₹
Cash on Hand	600
Balances with banks In Current accounts	120,768,341
Total	120,768,941

10 Short-term Loans and advances

	GPEL September 30, 2012 ₹
Unsecured, considered good Prepaid Expenses	725,369
Total	725,369

11 Revenue from Operations

	GPEL September 30, 2012 ₹
Revenue from Operations Sale of Products	413,800
Total	413,800

12 Employee Benefit Expense

	GPEL September 30, 2012 ₹
Salaries, Wages, Bonus and Exgratia	51,212
Total	51,212

13 Other Expense

	GPEL September 30, 2012 ₹
Rates and Taxes	4,577,772
Insurance	6,095
Legal and Professional Fees	60,000
Printing and Stationery	5,933
Travelling and Conveyance	57,834
Administrative expenses	4,293
Auditors' Remuneration	
Audit Fees	100,000
Total	4,811,927

14 Disclosure of sundry creditors under current liabilities is based on the information available with the company regarding the status of the suppliers as defined under the "Micro Small and Medium Enterprises Development Act, 2006". Amounts overdue as on March 31, 2012 to Micro, Small and Medium Enterprises on account of Principal amount together with interest, aggregate to Rs. Nil (Previous year Rs. Nil)

15 The slump purchase agreement has been signed on 28th of September and as on the Balance sheet date the stamping and registration of the agreement has not been completed. There is 60 days and 120 days time for the date of agreement for stamping and registration of the agreement.

**NOTES TO FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012**

16 In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and all liabilities is adequate and not in excess of the amount reasonably necessary

17 Earning per share is calculated by dividing the Profit / (Loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below:

	GPEL September 30, 2012 ₹
Net Profit after Tax for the year (Rs.)	(29,530,175)
Weighted average number of Equity Shares outstanding	1,506,421
Nominal Value of Share (Rs.)	10
Earnings Per share (Basic and Diluted) (Rs.)	(19.60)

18 Related Party Disclosures:**Names of the related parties and description of relationship****A D Holding Company/Ultimate Holding Company**

Gokak Textiles Limited

II) Subsidiaries**III) Associate Companies**

Shapoorji Pallonji Infrastructure Capital Company Limited

IV) Key Managerial Personnel:

Mr. H. S. Bhaskar - Director

B Particulars of transaction with Related Parties*(Amount in Rs.)*

Nature of Transactions	Holding Company	Subsidiaries	Key Managerial Personnel
Sales	413,800	-	-
<i>Previous Year</i>	-	-	-
Purchase of Fixed Assets	1,200,000,000	-	-
<i>Previous Year</i>	-	-	-
Payables	15,919,820	-	-
<i>Previous Year</i>	-	-	-