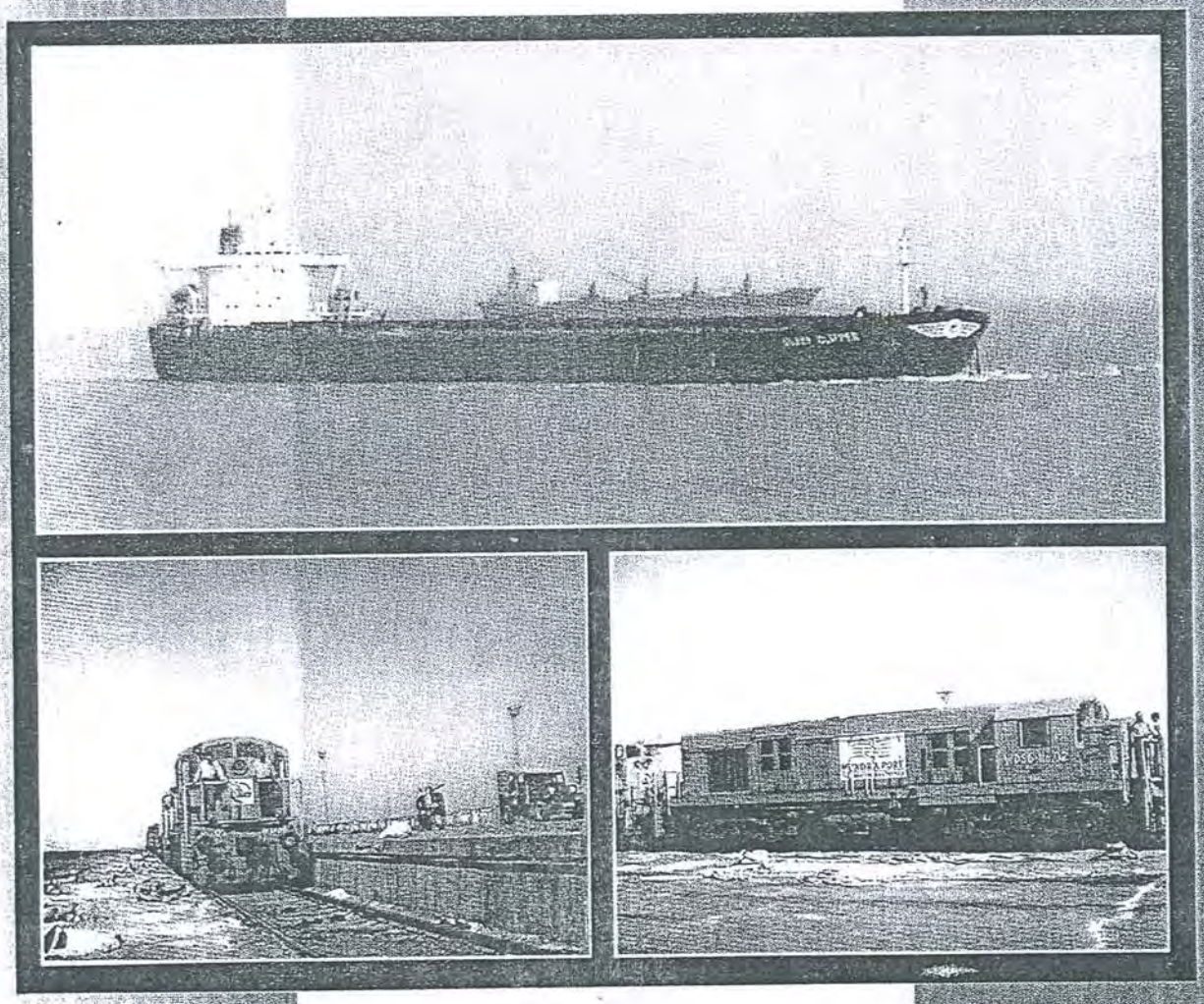
GUJARAT ADANI PORT LTD.

ANNUAL REPORT 2001-2002



ADANI GROUP

4th Annual Report
2001-2002

BOARD OF DIRECTORS	:	Shri A. K. Pradhan, IAS	*Chairman*
		Shri Gautam S. Adani	*Managing Director*
		Shri P. N. Roychoudhary, IAS	*Director*
		Shri Maheshwar Sahu, IAS	*Director*
		Shri K. N. Venkatasubramanian	*Director*
		Shri S. Venkiteswaran	*Director*
		Shri Shailesh Haribhakti	*Director*
		Shri Biswajit Choudhuri	*Nominee Director - Unit Trust of India*
		Shri N. S. Vishwanathan	*Nominee Director - IFCI Ltd.*
		Shri Rajesh S. Adani	*Director*
COMPANY SECRETARY	:	Shri Rahul Shah	
AUDITORS	:	M/s. G. K. Choksi & Co. Chartered Accountants, Ahmedabad.	
BANKERS	:	State Bank of Hyderabad	State Bank of India
		State Bank of Travancore	State Bank of Patiala
		Canara Bank	UCO Bank
		Bank of Baroda	Indusind Bank Ltd.
		Bank of India	Central Bank of India
		Andhra Bank	The Jammu & Kashmir Bank Ltd.
		UTI Bank Ltd.	Centurion Bank Ltd.
		Punjab National Bank	State Bank of Saurashtra
		Dena Bank	
REGISTERED OFFICE	:	'Adani House' Nr. Mithakhali Circle, Navrangpura, Ahmedabad - 380 009.	
SITE	:	Post Bag No. 1 Mundra - 370 421 Kutchch.	

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GUJARAT ADANI PORT LTD.

NOTICE

NOTICE is hereby given that Fourth Annual General Meeting of the Members of Gujarat Adani Port Ltd., will be held on Saturday the 24th day of May, 2003 at Board Room, Adani House, Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad-380009, at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2002, the Profit & Loss Account for the period ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. Rajesh S. Adani who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT Shri Maheshwar Sahu who was appointed as additional director by the Board of Directors under section 260 of the Companies Act, 1956 and Article 140 of the Articles of Association of the Company and who hold office only upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company retiring by rotation."

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

   "RESOLVED THAT Shri Shailesh Haribhakti who was appointed as additional director by the Board of Directors under section 260 of the Companies Act, 1956 and Article 140 of the Articles of Association of the Company and who hold office only upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company retiring by rotation."

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

   "RESOLVED THAT Shri S. Venkiteswaran who was appointed as additional director by the Board of Directors under section 260 of the Companies Act, 1956 and Article 140 of the Articles of Association of the Company and who hold office only upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company retiring by rotation."

7. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

   "RESOLVED THAT Pursuant to the provisions of Section 269, Schedule XIII as amended and other applicable provisions of the Companies Act, 1956 or any amendments or modification or any re-enactment thereof, subject to any other approval, if required, for the reappointment of Shri Gautam S. Adani as Managing Director of the Company, the Company hereby approves the reappointment of Shri Gautam S. Adani as Managing Director for a further period of five years with effect from 30th April 2003, upon delegation of certain powers and other terms and conditions as prescribed in the agreement entered into between the Company and Shri Gautam S. Adani.

   RESOLVED FURTHER THAT in the event of any statutory amendment or modification in the provisions of Schedule XIII and any other applicable provisions of the Companies Act, 1956, or any revision, amendments or modification thereto or any re-enactment thereof, during the currency of the agreement as may be agreed between the Board of Directors and Shri Gautam S. Adani, the aforesaid agreement between the Company and Shri Gautam S. Adani be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in the General Meeting.

   RESOLVED FURTHER THAT the Board of Directors or committee thereof be and is hereby authorised to do such acts, deeds and things as may be deem expedient to give effect to above resolution."

8. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT in supersession of the earlier resolution passed and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, subject to any other approvals, if required, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing loan/debentures (whether secured or unsecured) / bonds / deposits for the purpose of the business of the Company any sum or sums of money either in Indian or Foreign Currency from time to time from any Bank(s) or any Financial Institution(s) or any other Institution(s), firm(s), body corporate(s), or other person(s) or from other in India or outside India whomsoever in addition to the temporary loans obtained from the Company's Banker in the ordinary course of business provided that the sum or sums so borrowed under this resolution and remaining outstanding at any time shall not exceed in aggregate Rs. 1000 Crores (Rupees One Thousand Crores) in excess of and in addition to the paid-up capital and free reserves of the company for the time being.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do necessary acts, deeds, things as may be deemed expedient to give effect to the above resolution."

9. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** in supersession of the earlier resolution passed and pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, subject to any other approvals, if required, consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and /or charge, in addition to mortgage / charges created / to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine on all or any of the movable and / or immovable properties of the Company, both present and future, and / or the whole or substantially the whole of the undertaking or any part of properties of the Company where so ever situated, and it would be deemed to include any other units or project acquired or to be acquired after this resolution is passed, togatherwith the power to take over the management of the business and the concern of the Company in certain event of default, in favour of the lender(s), agent and the trustees for securing the borrowings/financial assistance obtained / to be obtained from banks, public financial institutions , Body(ies) Corporate or any other party and/or to give a collateral security for the borrowings/ guarantees of any group/associate company or otherwise to charge the assets of the Company, for monies avail/to be availed by way of loans, (in foreign currency and/or rupee currency) and securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or Secured/Non-Secured Premium Notes and/or floating rates notes/ bonds or other debt instruments), issued / to be issued by the Company, from time to time, togatherwith interest, at the respective agreed rates, additional interest, compound interest, in case of default, accumulated interest, liquidated damages, commitment charges, premia prepayment, remuneration of the agent(s), Trustee(s), premium if any on redemption, all other cost, charges and expenses including any increase as a result of devaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement, head of agreement, debenture trust deeds or any other documents, entered into/ to be entered into between the Company and the lenders, agents and trustees in respect of the said loans/borrowings/debentures/bonds and containing such specified terms and conditions and covenants in respect of enforcement of security(ies) as may be stipulated in their behalf and agreed to between the Board of Directors or committee thereof and the lenders, agent(s), trustee(s).

RESOLVED FURTHER THAT the Board of Directors thereof be and is hereby authorised to do necessary acts, deeds, things as may be deemed expedient to give effect to the above resolution."

10. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and any other approvals from different authorities, if required, the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:

Article 2(k) be substituted as follows:

Dividend includes Interim Dividend.

Article 30 be replaced as under

30 'Buy back of Shares'

Notwithstanding anything contained in any other Article of the Articles of Association, but subject to the provisions of Section 77A and 77B of the Act and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 as may be in force at any time and from time to time, the Company may acquire, purchase, own, resell any of its own fully/partly paid or redeemable shares and any other security as may be specified under the Act, Rules and Regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more installments as the Board may in its discretion decide and deem fit. Such shares, which are so bought back by the Company, may either be extinguished and destroyed or reissued as may be permitted under the Act or the Regulations as may be in force at the relevant time subject to such terms and conditions as may be decided by the Board and subject further to the rules & regulations governing such issue.

Article 76A be added

After Article 76 the following new Article as Article 76A be added under heading 'Nomination'

76A

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -

a. to register himself as holder of the share or debenture, as the case may be ; or

b. to make such transfer of the share or debenture, as the deceased shareholder or debentureholder, as the case may be, could have made.

If the nominee elects to be registered as holder of the share or debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder, as the case may be

A nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

Article 199 be replaced as under

UNPAID OR UNCLAIMED DIVIDEND

Where the dividend has been declared but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 Days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of ___ Limited" and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established by the Central Government under sub section (1) of Section 205C of the Companies Act, 1956. No unclaimed or unpaid dividend will be forfeited by the Board.

RESOLVED FURTHER THAT the Board of Directors or committee thereof be and is hereby authorised to do such acts, deeds and things as may be deem expedient to give effect to above resolution.

By order of the Board

Place : Gandhinagar
Date : 30-04-2003

Rahul C. Shah
Company Secretary

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. The instrument appointing proxy should however be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

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

ITEM NO. 4

Shri Maheshwar Sahu was appointed as a Director w. e. f. 30th January, 2003 vide GPIDCL letter No. GPIDCL/2003-01/04 dtd. 20th January 2003 in place of Shri Hasmukh Adhia. It would be in the best interest of the Company to appoint him as Director liable to retire by rotation. Board recommends the resolution to the members for their approval for his appointment as Director liable to retire by rotation. Shri Maheshwar Sahu is deemed to be interested in the Resolution for his appointment.

None of the other Directors is interested in Resolution.

The directors recommend the said resolution for your approval.

ITEM NO. 5

Shri Shailesh Haribhakti was appointed as a Director w. e. f. 30th April 2003. It would be in the best interest of the Company to appoint him as Director liable to retire by rotation. Board recommends the resolution to the members for their approval for his appointment as Director liable to retire by rotation. Shri Shailesh Haribhakti is deemed to be interested in the Resolution for his appointment.

None of the other Directors is interested in Resolution.

The directors recommend the said resolution for your approval.

ITEM NO. 6

Shri S. Venkiteswaran was appointed as a Director w. e. f. 30th April 2003. It would be in the best interest of the Company to appoint him as Director liable to retire by rotation. Board recommends the resolution to the members for their approval for his appointment as Director liable to retire by rotation. Shri S. Venkiteswaran is deemed to be interested in the Resolution for his appointment.

None of the other Directors is interested in Resolution.

The directors recommend the said resolution for your approval.

ITEM NO. 7

Shri Gautam S. Adani was appointed as a Managing Director with effect from 1st September 1998 for a period of 5 years. He has been associated with the Company since incorporation and he is a promoter Director of the Company. He has been instrumental in developing the business model of the company, with sole focus on shareholder value creation. Mundra Port became the first port in India to directly berth capesize vessel, a tribute to his vision, foresight and pioneer efforts in developing a state of the art/ fully mechanized /deep draft port at Mundra. Accordingly, it is in the interest of the Company to continue to avail services of Shri Gautam S. Adani as a Managing Director of the Company for further period of 5 years commencing from 30th April 2003. Board of Directors has vide Board Resolution dated 30th April 2003 reappointed Shri Gautam S. Adani as Managing Director on terms and conditions entered into by him with the Company.

Shri Gautam S. Adani is deemed to be interested in the said resolution for his reappointment. Shri Rajesh S. Adani is deemed to be interested in the resolution being the relative of Shri Gautam S. Adani

None of the other directors is any way concerned or interested in the above resolution.

The directors recommend the said resolution for your approval.

ITEM NO. 8

Pursuant to Section 293 (1) (d) of the Companies Act, 1956 the Board of Directors cannot borrow more than the aggregate amount of the paid up Share Capital of the Company and its Free Reserves (apart from the temporary loans obtained from the Company's Bankers in ordinary course of the Business) without Shareholders' approval. In order to meet the need based financial requirements of the Company, the Company will have to borrow from time to time from Banks/Financial Institutions/ Body Corporate(s)/Individual/Partnership Firm/FIIS in excess of paid up share capital and Free Reserves (i.e. reserves not set apart for any specific purpose) up to an aggregate amount of Rs. 1000 Crores (Rupees One Thousand Crores only). Shareholders' approval is sought for the same.

None of the Directors is interested in the Resolution.

The directors recommend the said resolution for your approval.

ITEM NO. 9

In order to meet the need based financial requirements of the Company security by way of mortgage / charge on immovable and / or movable properties of the Company may have to be given to Banks(s) / Financial Institutions(s) / any other body corporate or to give a collateral security for the borrowings / guarantees of any group / associate company / ies. Since the creation of mortgage / charge in favour of Banks / Financial Institutions is treated as disposing off the whole or substantially the whole of the undertaking/s of the Company, shareholders' approval is required in the General Meeting under section 293(1) (a) of the Companies Act, 1956. Shareholders' approval is sought for the same.

None of the Directors is interested in the Resolution.

The directors recommend the said resolution for your approval.

ITEM NO. 10

The Companies (Amendment) Act, 2000 has brought several changes in the Companies Act, 1956 by inserting various provisions. The consequential changes are proposed to be made in the Articles of Associations of the Company to ensure conformity with the provision of the Companies Act, 1956 amended by the Companies (Amendment) Act, 2000.

None of the directors of the Company is concerned or interested in the said resolution.

The directors recommend the said resolution for your approval.

By order of the Board

Place : Gandhinagar
Date : 30-04-2003

Rahul C. Shah
Company Secretary

DIRECTORS' REPORT

To
The Members,

Your directors have pleasure in presenting the Fourth Annual Report together with the Audited Accounts for the financial period ended 31st December 2002.

FINANCIAL HIGHLIGHTS:

Your Company has started commercial operations from 1st October 2001 and hence profit & loss account has been prepared for 15 months period ending on 31st December 2002.

Financial Results	For the period ended 31/12/2002 Rs. Lacs
- Income from operations	5351.68
- Other Income	511.15
- Expenditure	2072.62
- Operating Profit before Interest, Depreciation and Tax	3790.20
- Interest and Financial Charges	2566.05
- Depreciation	978.77
- Profit Before Tax	245.39
- Provision for Tax	0.36
- Profit available for appropriation	245.03
- The directors have allocated to Debenture Redemption Reserve	125.00

MUNDRA PORT DEVELOPMENT:

During the period October 01, 2001 to December 31, 2002, Mundra port experienced a multitude of developments, critical for the long-term outlook of the port business.

The Company has capitalized the Multi Purpose Terminal and other related assets during the period and commercial operations commenced successfully from 1st October 2001. During the period under review, your company has handled 358 vessels and 5.23 Million MT of cargo, of which Dry cargo comprises of 80.1% and Liquid cargo 19.9% of the total cargo handled. Export cargo is 55.6% and Import cargo is 44.4% of the total cargo.

In Nov 2001, rail link from Adipur to Mundra was operationalized opening up new vistas in hinterland connectivity for the port. In this period of 15 months 2227671 MT Mil T of cargo has been handled by rail in 839 no of rakes. The 57 kms. stretch from Adipur Railway Station to Mundra Rake & Dispatch (R & D) yard was constructed by the port is a unique arrangement with Indian Railways under the terms of which, port will maintain the rail link and railway will operate the same on a revenue sharing basis. A formal agreement to this effect was signed with Indian railways in Nov 2002 and the commercial operations of Railway commenced from 16/11/2002, the date of agreement.

In May 2002, port inked an agreement with Guru Gobind Singh Refineries Limited for providing waterfront and land (310 acres) to Guru Gobind Singh Refineries Limited for setting up a Single Point Mooring System (SPM) and Crude Oil storage terminal. The facility, to be created by Guru Gobind Singh Refineries Limited at its own cost will be a critical link for Crude Oil supply to upcoming 9.0 Mil TPA Bhatinda Refinery.

In October 2002, port inked another agreement with Indian Oil Corporation, a fortune 500 Company to set up a Single Point Mooring system (SPM) to handle Crude Oil for Panipat Refinery. Port has also provided 152 acres of land to IOC to set up a Crude Oil Terminal and a right of way in its Mundra - Adipur Rail corridor for Crude oil pipeline. Under the terms of agreement, GAPL will design, engineer and install the SPM along with sub-marine and terrestrial pipelines to the Crude oil terminal and operate the same for the duration of concession agreement.

Agreements with IOC and Guru Gobind Singh Refineries Limited are first for any private sector commercial port in India and reflect the potential of Mundra port as a crude oil handling hub for refineries located in North & West India.

In the month of August 2002, Mundra became the only port in India to directly berth a capesize vessel. The Vessel, MV Silver Clipper carrying 1,22,000 MT of Coal cargo was discharged in less than 6 days.

To streamline customer interface, a port operations Center was created to co-ordinate the marine, railways and stevedoring activities and provide a single point interface to customers on vessel and cargo status.

In terms of the envisaged arrangement after completing necessary formalities, P&O Ports Group, U. K. is likely to commence container operations at Mundra. The Container cargo growth rate is likely to ramp up with the entry of P&O Ports.

FIXED DEPOSITS:

During the period under review, the company has not accepted any deposits from Public under Section 58A of Companies Act, 1956.

DIRECTORS:

Shri N. S. Vishwanathan and Shri Biswajit Choudhuri were appointed as Nominee Directors from IFCI Ltd. and Unit Trust of India respectively.

The Board appointed Shri Maheshwar Sahu, Shri S. Venkiteswaran and Shri Shailesh Haribhakti as Additional Directors of the Company. They will hold office upto the date of ensuing Annual General Meeting and but are eligible offers themselves for reappointment. Board welcomes the incoming directors and looks forward for their valued contribution in the development of Mundra Port.

During the period under review Shri K. N. Shelat ceased to be a Director of the Company with effect from 27th June, 2002. The Board places on record the deep appreciation for valuable services and guidance provided by Shri K. N. Shelat during the tenure of his directorship.

As per Section 256 of the Companies Act, 1956 and Article 152 of Articles of Association of the Company, Shri Rajesh S. Adani will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

While preparing the annual accounts, the company has adhered to the following practice:

1. The financial statements are prepared under the historical cost convention on an accrual and ongoing concern basis and are in compliance with the Accounting Standards referred to in Section 211 (3C) and other requirements of the Companies Act, 1956.
2. The Company has followed the Accounting Standards and has been applying them consistently and has made judgments and estimates that are reasonable, prudent and in the best interest of the Company's business so as to give a true and fair view of the state of affairs of the Company.
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 Company had prepared the annual accounts on a going concern basis.

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

A statement containing the information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 as amended from time to time is appended herewith.

INSURANCE:

Assets of the Company are adequately insured against various perils.

DEMATERIALISATION OF EQUITY SHARES:

During the period under review, the Company has entered into an agreement with National Securities Depository Limited (NSDL) to facilitate the shareholders of the Company to avail dematerialisation facility.

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 in excess of limits specified by Section 217(2A) of the Companies Act, 1956.

HUMAN RESOURCE DEVELOPMENT:

The professionally qualified, young and vibrant work force who are collectively putting efforts to achieve the goal of corporate excellence alongwith their career development form the real assets of the organization. To uplift the existing standard of the employee and to make them capable of shouldering higher responsibilities and challenges in future, opportunities are provided to the employees to learn new things on the job through various training programmes. The employees are nominated for external programmes on the basis of needs identified and professional agencies are invited to conduct in-house training programmes on the contents designed befitting to organizational/individual requirements.

To take care of growing home needs, for the new recruitment for Mundra port, an ultra modern township complex namely Shantivan has been constructed at Nana Kapaya. Besides, having the regular features and facilities of a residential colony, the employees are provided with potable water which comes from RO plant. This colony also has an English Medium School affiliated with CBSE Board Trust till 9th standard.

Facilities have been created to attend the medical emergencies of the employees and their family members. Round the clock access to the doctor, weekly visits of various specialists are the facilities being extended.

The journey has begun towards the goal, but many milestones in the form of enhancing facilities/training will enable us to achieve Corporate Excellence.

SOCIAL RESPONSIBILITY:

As a part of social accounting concept, company has established a trust "Shree Shantilal Bhudarmal Adani Charitable Trust" mainly looking and monitoring the Socio-Economic activities at large. The same trust is looking after society welfare activities for Mundra and also Kachchh region as a whole. The various programmes the Trust is working on are as under:

- Water harvesting and conservation programme
- Educational assistance
- Medical aid for human beings including basic vaccination
- Cattle vaccination camp
- Physical and Psychological Competition
- Demonstration on the fire equipments
- Anganwadi and Watershed Project
- Awareness programme about Industrial Activities

CORPORATE GOVERNANCE:

The Board met for 5 (Five) times during the period under review. Presently the Company's Board comprises of 8 (Eight) Directors out of which 5 (Five) Directors are Non- Executive Directors, 1 (One) Director is Executive and 2 (Two) are Nominee Directors nominated by IFCI Ltd. and Unit Trust of India each.

AUDITORS & AUDITORS' REPORT:

The Company's Auditors M/s. G. K. Choksi & Co. Chartered Accountants, Ahmedabad, will retire on the conclusion of forthcoming Annual General Meeting and being eligible, have expressed their willingness for reappointment. The notes on Auditors' Report are self-explanatory.

ACKNOWLEDGEMENT:

Your Directors are thankful to the Government of India and Government of Gujarat for their active support and timely assistance. They express sincere thanks and appreciation to the Financial Institutions and the Banks of the Company for their continuous co-operation and support.

Your Directors also wish to put on record deep sense of appreciation for the dedicated and tireless efforts put by the employees of the Company at all levels who have immensely contributed to the effective implementation of the project.

For & on Behalf of the Board of Directors

Place : Gandhinagar
Date : 30-04-2003

A. K. Pradhan
Chairman

ANNEXURE "A" TO THE DIRECTORS' REPORT

(Additional information given in terms of notification issued by the Department of Company Affairs)

A. CONSERVATION OF ENERGY

(a) The following energy conservation measures were taken:

1 Connected the Jetty 6 Nos. Tower to above 250 KVA Stabilizer at the cost of Rs. 10000/-(Using existing cable). This has resulted in annual saving of 43800 Units and costing to Rs. 3.17 Lacs.

2 Installed 125 Nos. Electronic Ballast at the cost of Rs. 0.56 Lacs in Marine Office etc. This has resulted in annual saving of 5972 Units and costing to Rs.0.43 Lacs.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

1 Proposed for providing constant voltage by providing voltage stabilizers for Cargo Complex etc. in lighting system expected expenses around Rs. 23 Lacs and expected annual savings is appx. Rs. 24 lacs.

(c) Impact of (a) and (b) above for reduction of energy consumption and consequent Impact on the cost of production of goods:

No effect on the cost of servicing can be identified.

(d) Total energy consumption and energy consumption per unit of production as per form A in respect of industries specified in the schedule thereto:

Not applicable to our company

B. TECHNOLOGY ABSORPTION:

The Company has employed latest available technology to handle the port operations efficiently.

C. FOREIGN EXCHANGE EARNING AND OUTGO

During the period under review the total foreign exchange earnings and outgo are as under:

Foreign Exchange Earnings : USD 3 Million

Foreign Exchange Outgo : USD 6.87 Million and GBP 0.01 Million and Euro 0.02

GUJARAT ADANI PORT LTD.

AUDITORS' REPORT

To
The Members,
Gujarat Adani Port Limited,
Ahmedabad.

1. We have audited the attached Balance Sheet of Gujarat Adani Port Limited as at 31st December, 2002 and the Profit and Loss Account for the period ended on that date annexed thereto, and the Cash Flow Statement for the period ended on that date, which we have signed under reference to this report. 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 misstatements. 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 Manufacturing and other companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

4. Further to our comments in the Annexure refer to above, we report that:

   a. 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;

   b. 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;

   c. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;

   d. In our opinion the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e. On the basis of written representation received from the Directors of the company, as on December 31st, 2002, and taken on record by the Board of Directors, none of the Directors of the company is disqualified from being appointed as Director of company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with notes thereon and attached thereto 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 31st December, 2002;

      b. in the case of the Profit and Loss Account, of the profit for the period ended on that date.

      and

      c. in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For G. K. CHOKSI & CO.
Chartered Accountants

Place : Ahmedabad
Date : 30-04-2003

ROHIT K. CHOKSI
Partner

ANNEXURE TO THE AUDITORS' REPORT

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

Internal Controls

1. 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 nature of its business for the purchases of fixed assets and rendering for services.
2. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.

Fixed Assets

3. The Fixed Asset Register showing full particulars including quantitative details and location of fixed assets is under compilation. The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancy has been noticed on such verification;
4. None of the fixed assets have been revalued during the year.

Loans and Advances

5. The company has not taken any loan from companies, firms or other parties listed in the register maintained u/s. 301 of the Companies Act, 1956 or Companies under the same management as defined under subsection (1B) of section 370 of the Companies Act, 1956.
6. The company has not granted loans, except, advances against capital assets, to firms or other parties listed in the register maintained u/s. 301 of the Companies Act, 1956 and to companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
7. The Company has not granted any other loans or advances in the nature of loans.

Related Parties

8. In our opinion, and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

Fixed Deposits

9. The company has not accepted any deposits from the public.

Taxation

10. Except works contract tax amounting to Rs.7,95,841/-, there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at 31st December, 2002 for a period of more than six months from the date they became payable.

Staff Welfare

11. According to the information and explanations given to us, and the records of the company examined by us, no personal expenses have been charged to account other than those payable under contractual obligations or in accordance with generally accepted business practices.

Others

12. The company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisional) Act, 1985.
13. Clauses not enumerated above are not applicable.

For G. K. CHOKSI & CO.
Chartered Accountants

ROHIT K. CHOKSI
Partner

Place : Ahmedabad
Date : 30-04-2003

GUJARAT ADANI PORT LTD.

BALANCE SHEET AS AT 31 ST DECEMBER 2002

(Rs. in Thousands)

Particulars	Schedule	As at 31/12/2002 Amount (Rs.)	As at 31/12/2002 Amount (Rs.)	As at 30/09/2001 Amount (Rs.)	As at 30/09/2001 Amount (Rs.)
Sources of Funds :					
- **Shareholders' Funds**					
Share Capital	A	1,400,000		1,396,040	
Reserves and Surplus	B	444,503		420,000	
			1,844,503		1,816,040
Deferred Amount on Infrastructure Usage			672,301		—
- **Loan Funds**	C				
Secured Loans			4,965,176		3,580,986
Total :			7,481,980		5,397,026
Application of Funds :					
- **Fixed Assets :**					
Gross Block	D	4,516,390		43,682	
Less : Depreciation		97,877		—	
Net Block		4,418,513		43,682	
Add: Capital Work in Progress		777,427		4,845,364	
			5,195,940		4,889,046
Port Infrastructure Development			2,718,146		526,252
- **Current Assets, Loans and Advances**	E				
Sundry Debtors		26,846		13,601	
Cash and Bank Balances		36,731		131,606	
Loans and Advances		172,908		38,702	
		236,485		183,909	
Less : Current Liabilities & Provisions	F				
Liabilities		672,008		206,904	
Provisions		35		—	
		672,043		206,904	
Net Current Assets :			(435,558)		(22,995)
Miscellaneous Expenditure (to the extent not written off or adjusted)			3,452		4,723
Total :			7,481,980		5,397,026
Significant Accounting Policies	K				
Notes forming part of accounts	L				

As per attached report of even date

For G. K. CHOKSI & CO.
Chartered Accountants

ROHIT K. CHOKSI
Partner

RAHUL C. SHAH
Company Secretary

Place : Ahmedabad
Date : 30-04-2003

For and on behalf of the Board

A. K. PRADHAN	*Chairman*
GAUTAM S.ADANI	*Managing Director*
P. N. ROYCHOUDHARY	*Director*
MAHESHWAR SAHU	*Director*
RAJESH S.ADANI	*Director*

Place : Gandhinagar
Date : 30-04-2003

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 ST DECEMBER 2002

(Rs. in Thousands

Particulars	Schedule	For the Period ended 31/12/2002 Amount (Rs.)	Amount (Rs.)	For the Period ended 30/09/2001 Amount (Rs.)	Amount (Rs.
Income:					
Income From Operations		535,168		—	
Other Income	G	51,115		—	
			586,283		—
Expenses:					
Operating Enpenses	H	126,691		—	
Personnel Expenses		18,067		—	
Administrative and Other Expenses	I	62,505		—	
			207,263		—
Operating Porfit Before Interest and Depreciation and Tax			379,020		—
Interest & Financial Charges	J	256,605			—
Depreciation		97,877			—
			354,482		
Profit Before Tax			24,538		—
Provision For Tax			35		—
Profit After Tax			24,503		—
Balance Broght Forward From P.Y.			—		—
Amount available for Appropriation			24,503		—
Approproation:					
Debenture Redumption Reserve			12,500		—
Balance carried forward			12,003		—
Basic and Diluted Earning per Eqt.Share			0.18		0.00
Significant Accounting Policies	K				
Notes forming part of accounts	L				

As per attached report of even date
For G. K. CHOKSI & CO.
Chartered Accountants

ROHIT K. CHOKSI
Partner

RAHUL C. SHAH
Company Secretary

For and on behalf of the Board

A. K. PRADHAN	*Chairman*
GAUTAM S.ADANI	*Managing Director*
P. N. ROYCHOUDHARY	*Director*
MAHESHWAR SAHU	*Director*
RAJESH S.ADANI	*Director*

Place : Ahmedabad
Date : 30-04-2003

Place : Gandhinagar
Date : 30-04-2003

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Thousands)

Particulars	As at 31/12/2002 Amount (Rs.)	As at 31/12/2002 Amount (Rs.)	As at 30/09/2001 Amount (Rs.)	As at 30/09/2001 Amount (Rs.)
SCHEDULE - 'A' : SHARE CAPITAL				
Authorised				
14,00,00,000 Equity Shares of Rs.10/- each		**1,400,000**		1,400,000
Issued				
14,00,00,000 Equity Shares of Rs.10/- each				
(P.Y. 14,00,00,000 Equity Shares ofRs.10/- each)		**1,400,000**		1,400,000
Subscribed and paid up				
14,00,00,000 Equity Shares of Rs.10/- each fully paid up (P.Y. 14,00,00,000 Equity Shares)	**1,400,000**		1,400,000	
Less : Calls in Arrears	—		(3,960)	
		1,400,000		1,396,040
Total :		**1,400,000**		1,396,040
Of the above			**No of Shares**	
(a) Shares held by the holding company Adani Infrastructure Services Ltd.		**74,241,750**		71,400,000
(b) Shares held by the Adani Agro Pvt. Ltd. holding company of Adani Infrastructure Services Ltd.		**1,599,040**		14,967,440
SCHEDULE - 'B' - RESERVES AND SURPLUS				
Security Premium		**420,000**		420,000
Debenture Redemption Reserve:				
As per last Balance sheet	—		—	
Add: Transferred from Profit & Loss account	**12,500**		—	
		12,500		—
Profit and Loss Account		**12,003**		—
		444,503		420,000
SCHEDULE - 'C' : LOAN FUNDS				
Secured Loans				
Debentures :				
9,700,000 (Previous Year NIL) 16.2216% Secured Non Convertible Redeemable of Rs. 100/- each		**970,000**		970,000
Term Loans :				
From Banks	**3,550,497**		2,359,376	
From Financial Institutions	**270,000**		200,000	
Interest accrued and due	**174,679**		51,611	
	3,995,176		2,610,986	
		4,965,176		3,580,986

(Rs. in Thousands)

Particulars	As at 31/12/2002 Amount (Rs.)	Amount (Rs.)	As at 30/09/2001 Amount (Rs.)	Amount (Rs.)

Notes:

(1) The Secured Non Convertible Redeemable Debentures, privately placed with IFCI are redeemable at par in 40 equal quarterly installment commencing from 15/07/2002. The same are secured by way of first mortgage and charge on all the immovable and movable assets of the company (both present and future), in such form as may be required by IFCI, ranking pari passu with the charges created and / or to be created in favour of other participating Institutions/banks, for their term loans, subject to prior charge of bankers on specified movable created/to be created in favour of company's bankers as security for working capital facilities, if any. The debentures are further secured by irrevocable and unconditional personal gaurantee of managing director of the company and corporate gaurantee of Adani Exports Ltd.

(2) All the Term Loans are secured against hypothecation of all the tangible Movable Machinery and Plant (both present and future) whether installed or not and whether lying loose or in cases at site or in transit, or which may at any time hereafter during the continuance of this security be installed or lying loose or in cases or being in or upon or about the borrower's premises and godowns at Mundra, Adipur or wherever else the same may be or be held by any party anywhere to the order and disposition of the Company or in the course of transit or on high seas or on order, or delivery, howsoever and whatsoever in the possession of the company and either by way of substitution or addition.

Total :		**4,965,176**		3,580,986

SCHEDULE - 'D' : FIXED ASSETS

(Rs. in Thousands)

		GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
Sr. No.	Particulars	As at 1-Oct-01 Rs.	Addition Rs.	Deduction Rs.	As at 31-Dec-02 Rs.	As at 1-Oct-01 Rs.	For the period	Deduction Rs.	As at 31-Dec-02 Rs.	As at 31-Dec-02 Rs.	As at 30-Sep-01 Rs.
1	Free Hold Land	43,682	23,789	—	67,471	—	—	—	—	67,471	43,682
2	Building	—	953,419	—	953,419	—	3,247	—	3,247	950,172	—
3	Marine Structure	—	2,022,168	—	2,022,168	—	84,127	—	84,127	1,938,041	—
4	Railway Track	—	1,222,597	—	1,222,597	—	7,160	—	7,160	1,215,437	—
5	Plant & Machinery	—	250,306	—	250,306	—	3,312	—	3,312	246,994	—
6	Vehicles	—	429	—	429	—	31	—	31	398	—
		43,682	4,472,707		4,516,390		97,877		97,877	4,418,513	43,682
	Previous Year	16,076	27,606		43,682						
	Add: Capital Work In Progress									777,427	4,845,364
										5,195,939	4,889,046

Notes

1) Additions during the year and Capital work in progress include -
   a) Rs. 1002.85 lacs being the exchange difference
   b) Rs. 9961.94 lacs being borrowing cost capitalised inacordance with Accounting standard - 16 "Borrowing Costs" issued by the Institute of chartered accountants of India

2) Capital work in progress includes advances Rs.7725.20 lacs (Previous year Rs. 12258.02 lacs)

(Rs. in Thousands)

Particulars	As at 31/12/2002 Amount (Rs.)	Amount (Rs.)	As at 30/09/2001 Amount (Rs.)	Amount (Rs.)
SCHEDULE - 'E' : CURRENT ASSETS, LOANS & ADVANCES				
Sundry Debtors (Unsecured)				
(Considered Good)				
More than six months	15,923		7,418	
Others	10,923		6,184	
		26,846		13,601
Cash and Bank Balances				
Cash on hand	234		562	
Balance with Scheduled Banks in :				
Current Accounts	7,172		94,699	
Term Deposit Account	29,325		36,346	
	36,497		131,044	
		36,731		131,606
Loans and Advances				
Advances recoverable in cash or in kind				
or for value to be received	172,322		38,469	
Advance Tax/ Tax Deducted at Source	586		233	
		172,908		38,702
Total :		236,485		183,909
SCHEDULE - 'F' : CURRENT LIABILITIES & PROVISIONS				
Current Liabilities				
Sundry creditors	453,105		101,175	
Security deposits	42,192		33,795	
Advance From Customers	144,820		1,735	
Interest accrued but not due	9,890		59,198	
Other Liabilities	22,001		11,002	
		672,008		206,904
Provisions				
Income Tax		35		—
		672,043		206,904

(Rs. in Thousands)

Particulars	For the Period eneded 31/12/2002 Amount (Rs.)	Amount (Rs.)	For the Perid ended 30/09/2001 Amount (Rs.)	Amount (Rs.)
SCHEDULE - 'G' : OTHER INCOME				
Miscelleneous Marine Income		20,382		—
Interest		1,330		—
Income From Infrastructure Use		9,424		—
Lease Rental		17,424		—
Rent		2,555		—
		51,115		—

(Rs. in Thousands)

Particulars	For the Period eneded 31/12/2002 Amount (Rs.)	Amount (Rs.)	For the Perid ended 30/09/2001 Amount (Rs.)	Amount (Rs.)
Schedule - 'H' : OPERATING EXPENSES:				
GMB Royalty		32,308		—
Tug Hire and Management Charges		62,283		—
Pilotage expenses		8,809		—
Other Marine expenses		7,587		—
Railway Operating expenses		12,755		
Electricity		2,949		—
		126,691		—
Schedule - 'I' : ADMINISTRATIVE & GENERAL EXPENSES :				
Rent		456		—
Insurance charges		13,269		
Fees and Legal		11,063		
Travelling and conveyance expenses		5,260		—
Bank comission and charges		5,899		—
Repairs and Maintenance				
Building	5,175		—	
Plant & Machinery	7,000		—	
Other	2,531		—	
		14,706		
Auditor's Remunaration		422		—
Miscellaneous expenses		10,249		—
Preliminery Expenses Written off		1,181		—
		62,505		—
SCHEDULE - 'J' : INTEREST AND FINANCIAL CHARGES				
Interest				
On Fixed Loans		55,605		—
On Debentures		201,000		—
		256,605		—

SCHEDULE "K" SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Preparation of Financial Statements**

   These financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 and applicable accounting standard issued by the Institute of Chartered Accountants of India.

2. **Use of Estimates**

   The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3. **Fixed Assets and capital work-in-progress**

   (i) Fixed assets are stated at cost of acquisition, construction or installation. Cost of fixed assets comprises purchase price, duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

   (ii) Fixed Assets are shown net of accumulated depreciation / amortization (except free hold land).

   (iii) All cost relating to upgradations / enhancements are generally charged of as revenue expenditure unless they bring significant additional benefits of lasting nature.

   (iv) Capital work in progress is stated at amount expended upto the date of Balance Sheet.

4. **Borrowing Cost**

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

5. **Depreciation**

   (i) Depreciation on all assets, except Jetty, is provided on Straight Line Methods in accordance with the provision of section 205(2)(b) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs.

   (ii) Cost of Marine Structure is amortized over a period of concession agreement with Gujarat Maritime Board.

   (iii) Depreciation on additions to fixed assets is provided on pro-rata basis from the date of acquisition or installation, and in case of a new project the same is provided on a pro-rata basis from the date of commencement of commercial activities. Depreciation on assets sold, discarded, demolished or scrapped is provided upto the date of on which the said assets is sold, discarded, demolished or scrapped.

   (iv) Assets of small value and of non-durable nature are written off in the year of purchase.

6. **Expenditure during the construction period**

   Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as preoperative expenses, pending allocation to the assets, and are shown under "Capital Work-in Progress" and the same are apportioned to fixed assets on commencement of commercial activities.

7. **Foreign Currency Transaction**

   (i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account for the year, other than exchange differences related to the liabilities for acquisition of fixed assets that are adjusted to the cost of the related fixed assets.

   (ii) All foreign currency denominated monitory assets and liabilities are translated at the exchange rates prevailing on the balance sheet date. The resultant exchange differences are recognised in the profit and loss account for the year, other than exchange differences related to the liabilities for acquisition of fixed assets that are adjusted to the cost of the related fixed assets.

8. **Revenue Recognition**

   (i) Income from services is recognized as and when they are rendered/provided.

   (ii) Lease rentals on land are recognised as income as per the agreements entered into with the lessee from time to time and premium received, under arrangements referred to therein, is recognised over the period of agreement.

9. **Taxation**

   Current tax is determined as the amount of tax payable in respect of taxable income for the period.

10. **Insurance Claim**

    Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount admitted by the appropriate authorities of insurance company. However, claims and refunds whose recovery can not be ascertained with reasonable certainty, are accounted for on acceptance/actual receipts basis.

11. **Miscellaneous Expenditure**

    The Preliminary Expenses shown under miscellaneous expenditure are amortized over a period of five years.

SCHEDULE - 'L' NOTES FORMING PART OF ACCOUNTS

1. Capital commitments and Contingent Liabilities

(Amounts Rs. in lacs)

Particulars	1st Oct., 2001 to 31st Dec., 2002	1st April, 2000 to 30th Sept., 2001
Guarantees	2521.81	960.30
Estimated amounts of unexecuted capital contracts (Net of Advances)	4690.28	7055.00

2. Commencement of Commercial Operations

   (i) The company has capitalized the Multi Purpose Terminal and other related assets during the period under review and the same have been put to operation with effect from 1st October, 2001. Since the commercial operations have started on 1st of October, 2001 the Profit and Loss Account has been prepared for the period from 1st October 2001 to 31st December, 2002.

   (ii) The work related to development of Broad-gauge railway line between Adipur and Mundra had also been completed during the period under review on 16th November, 2002 and Operational Agreement with Ministry of Railways, Govt. of India had also been entered into and therefore expenditure incurred on such assets have been capitalized with effect from 16th November, 2002. The income and expenditures related to Railway operations computed in the manner laid down in the said agreement, have been accounted for and included in the financial statements of the company.

3. Port Infrastructure Development

   Construction of Quay Wall, development of land at Mundra and other ancillary infrastructure facilities are still under development, therefore all the expenditures, on such assets, have been carried to Port Infrastructure Development.

4. Capital Work in Progress

   Capital work in progress includes amount spent on different uncompleted projects and advances against capital assets .

5. Common Sharing Expenditure

   Personnel, Administrative and Other expense include Rs. 247.14 lacs charged by other companies being the company's share of expenses towards share facility as agreed upon between the companies.

6. Long Term Agreements

   (i) During the year under review, the company has entered into long term agreement with Guru Gobind Singh Refineries Ltd., Mumbai (GGSRL) to provide the infrastructure facilities, developed and owned by the company, to GGSRL so as to cater uninterrupted crude oil requirement. Pursuant to such an agreement, GGSRL will have beneficial user rights in respect of infrastructure facilities for a period up to 27th September, 2030. In consideration of such unfettered, absolute and irrevocable right to utilize and use the said infrastructure facilities for the period of 28 years, the company has received the sum of Rs. 3136.31 lacs as one time premium from GGSRL. Since the company has agreed to provide/ make available infrastructure facilities up to 27th September, 2030, the amount of premium has been proportionately carried to revenue over a period of agreement. The unamortized amount has been shown under the head "Deferred amount on infrastructure usage" in Balance Sheet.

   (ii) During the year under review the company has agreed to provide and install a new SPM system for berthing of crude oil vessels and related ancillaries facilities to Indian Oil Corporation Limited and further agreed to sub-lease to Indian Oil Corporation Limited a portion of land for the purpose of setting up the crude oil terminal project of Indian Oil Corporation Limited up to the period 16th February, 2031. In consideration of sub-lease of land to Indian Oil Corporation Limited, the company has received the sum of Rs. 3690.97 lacs as one time premium and development cost of the said land. The amount of such development cost /premium has been proportionately carried to revenue over a period of agreement. The unamortized amount has been shown under the head "Deferred amount on infrastructure usage" in balance sheet.

7. Extension of financial year

   Pursuant to resolution passed by Board of Directors in the meeting held on 30th January, 2003, the financial year of the company was extended upto the period of 15 months i.e. from 1st October, 2001 to 31st December, 2002 and accordingly the financial statements of the company have been prepared for the extended period.

8. Segment Reporting

   The Company is mainly engaged in the business of port operation. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on Segment Reporting (AS-17).

9. Related Party Disclosures

As required by accounting standard - AS 18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India are as follows :

(a) *List of related parties with whom transactions have taken place during the year :*

Key Management Personnel and their Relatives :

- Gautam S. Adani
- Rajesh S. Adani

Associates / Holding Company :

- Adani Agro Private Limited - Holding Company
- Adani Export Limited
- Adani Port Limited
- Adani Wilmar Limited
- Adani Container (Mundra) Terminals Limited

(b) Transactions with related parties (Amt. Rs. in Lacs)

(i) Rendering of Services - Associates	652.74
(ii) Royalty Received - Associates	129.52
(iii) Purchase of Goods / Materials - Associates	3377.50
(iv) Administrative and Management Services - Associates	677.36
(v) Funds Given (Net of Repayment) - Associates	1283.95
(vi) Sitting Fees - Key Management Person	0.05
(vii) Outstanding balance as on 31st December, 2002 - Associates	4020.32

The particulars given above have been identified on the basis of information available with the company.

10. Particulars of Earning per Share:

Particulars	**1st Oct., 2001 to 31st Dec., 2002**	1st April, 2000 to 30th Sept., 2001
Net Profit/(Loss) for the year (Rs. in Lacs)	**245.03**	—
Number of equity shares	**14,00,00,000**	—
Nominal value of the share	**10**	—
Earning per Share	**0.18**	—

There is no change in the number of equity shares during the period.

11. Dues to Small Scale Industries

In view of insufficient information received by the company from suppliers as defined under the "Interest on Delayed Payments to Small Scale & Ancillary Industrial Undertaking Act, 1993" concerning their status, disclosure of particulars regarding unpaid amount together with interest on delayed payments to such suppliers, could not be made in the accounts.

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

13. Balance of sundry debtors, creditors, loans and advances are subject to confirmation.

14. Auditors' Remuneration is made up of :

Particulars	**1st Oct., 2001 to 31st Dec., 2002**	1st April, 2000 to 30th Sept., 2001
Audit Fees (inclusive of Rs.3.75 capitalised along with Pre operative Expenditures)	**7.93**	5.25

15. On the basis of legal opinion taken by the Company, there is no wealth tax liability, hence no provision for wealth tax has been made. Further, provision for Income tax has been made on the basis of Income for the Previous Year 2001-2002 related to Assessment Year 2002-2003 as per the accounts prepared for Income Tax purposes. With respect to the Income, if any, for the period from 1st April,2002 to 31st December,2002 that will be assessed as part of composite income relevant to Previous Year ending on 31st March,2003, the company expects no income tax liability hence no provision for income tax in respect thereof is made.

16. Additional information pursuant to provision of para 3, 4C and 4D of Part-II of Schedule-VI of the Companies Act, 1956 is not applicable, hence not given.

Balance Sheet Abstracts and Company's General Business Profile:

I. Registration Details:

Registration	No. 034182	State Code	04
Balance Sheet Date	31st December 2002		

II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue:	—	Right Issue:	—
Bonus Issue:	—	Private Placement:	—

III. Position of mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	8154021	**Total Assets**	8154021
Sources of Funds:		**Application of Funds**	
Paid-up Capital	1400000	Net Fixed Assets	5195940
Reserve and Surplus	444503	Port infrastructure development	2718146
Deferred amount on infrastructure usage	672301	Investments	—
Secured Loan	4965175	Net Current Assets	(435558)
Unsecured Loan	—	Misc. Expenditure	3451
		Accumulated Losses	—

IV. Performance of Company (Amount in Rs. Thousand)

Turnover and Other Income	586283	Total Expenditure	561744
(+) Profit/(Loss) before tax	24539	(+) Profit/(Loss) after tax	24503
Earning per share	0.18	Dividend Rate	—

V. Generic names of three principal products services of company (as per monetary terms)

Product/Service Description	Item code No.
Being service industries	Not Applicable

Previous year's figures have been reworked, regrouped and reclassified wherever necessary to make them comparable with the figures of previous year. Previous year's figures for profit and loss account have not been given as the year under review being the first year of commercial operations.

As per attached report of even date
For G. K. CHOKSI & CO.
Chartered Accountants

ROHIT K. CHOKSI
Partner

RAHUL C. SHAH
Company Secretary

Place : Ahmedabad
Date : 30-04-2003

For and on behalf of the Board

A. K. PRADHAN	*Chairman*
GAUTAM S.ADANI	*Managing Director*
P. N. ROYCHOUDHARY	*Director*
MAHESHWAR SAHU	*Director*
RAJESH S.ADANI	*Director*

Place : Gandhinagar
Date : 30-04-2003

GUJARAT ADANI PORT LTD.

CASH FLOW STATMENT FOR THE PERIOD ENDED 31 ST DECEMBER 2002

(Rs. in Thousands)

Particulars	For the Period ended 31/12/2002 Amount (Rs.)	For the Period ended 30/09/2001 Amount (Rs.)
A. Cash flow from operating activities:		
Profit/(Loss) for the peirod before tax	24,538	—
Adjustments for :		
Depreciation	97,877	—
Prelimanary Expenses Written Off	1,181	—
Unrealised foreign exchange gain	(1,687)	
Interest Income	(1,329)	—
Interest Expenses	256,605	—
Operating profit before working capital charges	377,183	—
Adjustments for :		
Trade and other receivables	(147,099)	—
Deferred amount on Infrastructure Usage	672,301	—
Current Liablities	516,098	—
Cash generated from operations	1,418,483	—
Direct taxes paid	(352)	—
Net cash from Operating Activities	1,418,131	—
B. Cash Flow from Investing Activities:		
Purchase of fixed assets	(155,303)	(27,606)
Capital work-in-progress	(1,942,041)	(3,925,445)
Interest received	1,191	331
Net Cash used in Investing Activities	(2,096,152)	(3,952,720)
C. Cash Flow from Financing Activities:		
Procurement of Long Term Borrowings	1,261,121	3,529,376
Repayment of Unsecured Loans	—	(22,860)
Proceeds from issue of Share Capital including Security Premium	3,960	1,315,990
Interest Paid	(682,075)	(768,463)
Net Cash Flow from Financing Activities	583,006	4,054,043
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(95,013)	101,323
Cash and Cash Equivalents Opening	130,442	29,119
Cash and Cash Equivalents Closing	35,429	130,442

Note :Previous year's figures have been regrouped where necessary.

For and on behalf of the Board

	A. K. Pradhan *Chairman*	P. N. Roychoudhary *Director*	Rajesh S.Adani *Director*
Place : Gandhinagar	Gautam S.Adani	Maheshwar Sahu	Rahul C. Shah
Date : 30-04-2003	*Managing Director*	*Director*	*Company Secretary*

AUDITORS' CERTIFICATE

We have examined the above cashflow statement of GUJARAT ADANI PORT LIMITED, AHMEDABAD, for the year ended 31st December 2002. The statement has been prepared by the company in accordance with the requirements of the Accounting Standard 3 issued by ICAI and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

FOR G. K. CHOKSI & CO.
Chartered Accountants

ROHIT K. CHOKSI
Partner

Place : Ahmedabad
Date : 30-04-2003

GUJARAT ADANI PORT LTD.

GUJARAT ADANI PORT LTD.
Registered Office : "Adani House", Nr. Mithakhali Circle, Navrangpura, Ahmedabad - 380 009

FORM OF PROXY

I/We _____ of _____

being a member/members of the above Company hereby appoint _____

of _____ or failing him _____

of _____ as my/our proxy to vote

for me/us and on my/our behalf at the 4th Annual General meeting of the Company to be held on Saturday, 24th May, 2003 at 3.00 p.m. and at any adjournment thereof

Affix 1 Rupee Revenue Stamp

Signed this _____ day of _____ 2003.

Note : The proxy and the power of Attorney (if any) under which it is signed or a notarially certified copy of that power must be deposited at the Registered Office of the Company at "Adani House", Nr. Mithakhali Circle, Navrangpura, Ahmedabad not less than 48 hours before the date and time for holding the Annual General meeting.

TEAR HEAR

GUJARAT ADANI PORT LTD.
Registered Office : "Adani House", Nr. Mithakhali Circle, Navrangpura, Ahmedabad - 380 009

ATTENDANCE SLIP
(to be handed over, duly filled in, at the Entrance of the Meeting Place)

Name of the attending Member / Proxy (in block letters) :

Member's Folio No. : _____

No. of Share held : _____

I hereby record my presence at the Annual General meeting on Saturday, 24th May, 2003

Place : Ahmedabad

_____
Member's / Proxy's Signature

Note : Share holders/proxy holders are requested to bring the Attendance Slips with them, duly completed when they come to the meeting and hand them over at the gate, affixing their signature on it.

ADANI GROUP

GUJARAT ADANI PORT LTD.

Registered Office :
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E-mail : aplportad1@sancharnet.in Website : www.adanigroup.com

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Website : www.mundraport.com