# GUJARAT ADANI PORT LTD.

## 5TH ANNUAL REPORT 2003-2004

ADANI GROUP

GUJARAT ADANI PORT LTD.

# 5th Annual Report

2003-2004

| | | | |
|---|---|---|---|
| **BOARD OF DIRECTORS** | : | Shri V. K. Babbar, IAS | Chairman |
| | | Shri Gautam S. Adani | Managing Director |
| | | Shri H. K. Dash, IAS | Director |
| | | Shri Arvind Agrawal, IAS | Director |
| | | Shri S. Venkiteswaran | Director |
| | | Shri Shailesh Haribhakti | Director |
| | | Shri K. N. Venkatasubramanian | Director |
| | | Shri Biswajit Choudhuri | Nominee Director Unit Trust of India |
| | | Shri Rajesh S. Adani | Director |
| **AUDITORS** | : | M/s. G. K. Choksi & Co.<br>Chartered Accountants,<br>Ahmedabad. | |
| **COMPANY SECRETARY** | : | Shri Rahul Shah | |
| **BANKERS** | : | Andhra Bank | State Bank of Travancore |
| | | Bank of India | State Bank of Saurashtra |
| | | Canara Bank | Syndicate Bank |
| | | ICICI Bank Ltd. | UCO Bank |
| | | Oriental Bank of Commerce | UTI Bank Ltd. |
| | | State Bank of India | |
| **REGISTERED OFFICE** | : | 'Adani House'<br>Nr. Mithakhali Circle,<br>Navrangpura,<br>Ahmedabad 380 009. | |
| **SITE** | : | Post Bag No.1<br>Mundra 370 421<br>Kutch. | |

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## NOTICE

NOTICE is hereby given that Fifth Annual General Meeting of the Members of Gujarat Adani Port Ltd., will be held on Monday the 22nd day of November, 2004 at Board Room Adani House, Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009 at 6 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004, 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 K. N. Venkatasubramanian who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri S. Venkiteswaran who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS:**

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

   "RESOLVED THAT Shri V. K. Babbar, IAS who was appointed as an Additional Director by the Board of Directors under section 260 of the Companies Act, 1956, Article 140 of the Articles of Association of the Company and Article 6.1 of the Shareholders' Agreement between the Company and Gujarat Ports & Infrastructure Development Co. Ltd. and who hold office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company who shall not be liable to retire 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 Arvind Agrawal, IAS who was appointed as an Additional Director by the Board of Directors under section 260 of the Companies Act, 1956, Article 140 of the Articles of Association of the Company and as per Article 6.1 of the Shareholders' Agreement between the Company and Gujarat Port & Infrastructure Development Co. Ltd. and who hold office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company."

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

   "RESOLVED THAT Shri H. K. Dash, IAS who was appointed as an Additional Director by the Board of Directors under section 260 of the Companies Act, 1956, Article 140 of the Articles of Association of the Company and as per Article 6.1 of the Shareholders' Agreement between the Company and Gujarat Port & Infrastructure Development Co. Ltd. and who hold office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company."

**By order of the Board**

**Date: 25/10/2004**
**Place: Ahmedabad**

**Rahul 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. 5

Shri V. K. Babbar, IAS, was appointed as an Additional Director in place of Shri A. K. Nigam, IAS (Retired) as per Article 6.1 of the Shareholders' Agreement between the Company and Gujarat Port & Infrastructure Development Co. Ltd. w.e.f. 30th September, 2004. Shri V. K. Babbar, IAS shall not liable to retire by rotation. Board recommends the resolution to the members for their approval for his appointment as Director not liable to retire by rotation.

Shri V. K. Babbar, IAS shall be deemed to be interested in the Resolution for his appointment. None of the other Directors are interested in the Resolution.

The directors recommend the said resolution for your approval.

### ITEM NO. 6

Shri Arvind Agrawal, IAS, was appointed as an Additional Director in place of Dr. Amarjeet Singh, IAS as per Article 6.1 of the Shareholders' Agreement between the Company and Gujarat Port & Infrastructure Development Co. Ltd. w.e.f. 12th March, 2004. Board recommends the resolution to the members for their approval for his appointment as Director liable to retire by rotation.

Shri Arvind Agrawal, IAS shall be deemed to be interested in the Resolution for his appointment. None of the other Directors are interested in Resolution.

The directors recommend the said resolution for your approval.

### ITEM NO. 7

Shri H. K. Dash, IAS, was appointed as an Additional Director in place of C. L. Meena, IAS as per Article 6.1 of the Shareholders' Agreement between the Company and Gujarat Port & Infrastructure Development Co. Ltd. w.e.f. 12th March 2004. Board recommends the resolution to the members for their approval for his appointment as Director liable to retire by rotation.

Shri H. K. Dash, IAS shall be deemed to be interested in the Resolution for his appointment. None of the other Directors are interested in Resolution.

The directors recommend the said resolution for your approval.

**By order of the Board**

**Date: 25/10/2004**

**Place: Ahmedabad**

**Rahul Shah**
**Company Secretary**

## DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting the Fifth Annual Report together with the Audited Accounts for the financial period ended 31st March, 2004.

**FINANCIAL HIGHLIGHTS:**

The financial period under review is for 15 months ended on 31.03.2004. Your company started handling container vessels and has shown significant progress in terms of revenue and quantity of cargo handled. A bird's eye view of financial performance of the Company for the 15 months period ended on 31.03.2004 is given below:

(Rs. in Lacs)

| Financial Results | For the period 01/01/2003 to 31/03/2004 | For the period 01/10/2001 to 31/12/2002 |
|---|---|---|
| Income from operations | 10564.84 | 5823.99 |
| Other Income | 539.53 | 38.84 |
| Expenditure | 4148.38 | 2072.63 |
| Operating Profit before Interest, Depreciation and Tax | 6955.99 | 3790.20 |
| Interest and Financial Charges | 4351.15 | 2566.04 |
| Depreciation | 2418.86 | 978.77 |
| Profit Before Tax and Prior period Adjustments | 185.98 | 245.39 |
| Prior Period Adjustments (Net) | 157.41 | - |
| Provision for Tax | 69.23 | 0.36 |
| Profit after tax | 274.16 | 245.03 |
| Surplus brought forward from previous year | - | - |
| Profit available for appropriation | 394.19 | 245.03 |
| **Appropriation** | | |
| Transfer (to)/ from Debenture Redemption Reserve | 125.00 | (125.00) |
| Preference Share Capital Redemption Reserve | - | - |
| **Balance Carried to Balance Sheet** | 519.19 | 120.03 |

The total income during the period under review is registered to Rs. 10564.84 Lacs as compared to Rs. 5823.99 Lacs in corresponding period. The Profit before depreciation, interest and financial charges is Rs. 6955.99 Lacs as compared to Rs. 3790.20 Lacs in corresponding period. The Net Profit after tax during the period under review is Rs. 274.16 Lacs against Rs. 245.03 Lacs in corresponding period.

**DIVIDEND:**

With a view to conserve resources of the Company towards ongoing projects under construction, the directors do not propose to recommend any dividend.

**SHARE CAPITAL:**

In view of proposed merger of Adani Port Limited with the company, issue of Non- Cumulative Preference Shares and future plans, the Authorised Capital of the company has been increased to Rs. 210 Crores, out of which Rs. 5 Crores is towards Non-Cumulative Redeemable preference Shares of Rs. 10/- each. The Company has issued 28,11,037 0.01% Non Cumulative Redeemable Preference Shares of Rs. 10/- each at a premium of Rs. 990/- per share.

**PORT OPERATIONS:**

Mundra Port is poised to become 'Port of Call' in the Indian Maritime Industry. During the period under review, your company has handled 544 vessels against 358 vessels in the corresponding period and 5.93 MMT of cargo against 5.23 MMT in the corresponding period, out of which Bulk cargo comprises 90% and the container cargo 10% of the total cargo handled.

The port's Adipur- Mundra rail link is now a part of the Indian Railway network. The rail line in 15 months period has handled 950 rail rakes out of which 202 rail rakes for container cargo and handled 1.9 MMT of bulk cargo against 2.2 MMT of cargo and 839 no. of rakes in the corresponding period of cargo.

Mundra port disgorged coal at more than 22719 Mt a day, the highest unloading rates achieved so far on Indian shores, thanks to the installation of sophisticated conveyor system with adequate back up facility to evacuate high volume cargoes.

The other notable development is that a new dry bulk terminal with a capability to berth two ships for handling dry bulk cargo is being added to the port's existing multi-purpose terminal, which can now berth four ships at a time. The port has handled first panamax vessel Mt. Tamar carrying 64639 mt SKO.

The port has already established itself as a major hub for handling import cargos such as fertilizers, steel sheets, edible oils, chemicals and petroleum products and export cargos like bauxite, bentonite, steel pipes, clinkers and salt.

**TRANSFER OF CONTAINER ASSETS BUSINESS**

Your Company has entered into definitive agreements with P & O Ports (Mundra) Private Limited, Mauritius, a 100% Subsidiary of P & O Ports, Australia for transfer of Container assets of business. The Company has been rechristened MICTL. MICTL commenced commercial operations from 18th July 2003. MICTL handled 48.424 TEUs in its 9 months of operation. The biggest advantage of the terminal is that it is capable of operating 24 hours a day, 365 days a year with absolutely no tidal restrictions. The total area that will be available for staking will be 25 hectares with more than 5000 ground slots including space for 220 reefers. The back up area and facilities are being continuously added.

**SINGLE POINT MOORING FACILITY:**

In terms of an agreement executed with Indian Oil Corporation (IOC) a fortune 500 company for setting up of a Single Point Mooring System (SPM) to facilitate the unloading of Crude Oil to be imported by IOC, GAPL has already awarded major contracts for supply of required equipments as well as construction of on shore and off shore pipeline / SPM system. The majority of work with respect to construction of on shore pipeline has been completed. Further, contractor has also mobilized its equipments for the construction of off shore pipeline/ SPM system. It is expected that construction of the SPM &acility will be completed by January 2005.

**GAUGE CONVERSION PALANPUR GANDHIDHAM KANDLA:**

The rail line from Palanpur-Gandhidham-Kandla is to be converted from Meter Gauge to Broad Gauge to connect to northern part of the country, which account for sizable share in cargo of the port and container terminal. Your Company is holding 20% shares in capital of Kutch Railway Private Limited, a Special Purpose Vehicle set up for the purpose. Your company has entered into Shareholders' Agreement on 22nd April 2004 with Rail Vikas Nigam Limited, Governor of State of Gujarat and Kandla Port Trust.

**DEVELOPMENT OF SEZ:**

Ministry of Commerce, Government of India has approved and notified 6893 Acres and 25 Guntha of land for the setting up of Special Economic Zone at Mundra. Government of Gujarat has also granted approval for the same. The Port will be part of the Special Economic Zone and for that your Company has entered into the Co-development agreement with Mundra Special Economic Zone Limited a Special Purpose Vehicle for Development of Special Economic Zone at Mundra. Port operations will get tremendous boost in business due to SEZ development.

**MERGER:**

Your company has filed petition in High Court of Gujarat, for merger with Adani Port Ltd. with appointed dated as 1st April 2003, pursuant to Section 391 to 394 of Companies Act, 1956. After merger, APL will merge with GAPL. High court final order is awaited.

**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 H. K. Dash, IAS, Shri Arvind Agrawal, IAS and Shri V. K. Babbar, IAS were nominated by GPIDCL. They hold office upto the date of ensuing Annual General Meeting but being eligible offer themselves for reappointment. Board recommends the appointment of these directors.

As per Section 256 of the Companies Act, 1956 and Article 152 of Articles of Association of the Company, Shri K. N. Venkatasubramanian and S. Venkiteswaran will retire by rotation at the ensuing Annual General Meeting but being eligible offer themselves for reappointment.

During the period under review Shri A. K. Pradhan, IAS (Retired), Shri A.K. Nigam, IAS (Retired), Shri P. N. Roychowdhary, IAS and Shri Maheshwar Sahu, IAS, Shri Amarjeet Singh, IAS, Shri C. L. Meena, IAS, Shri G. C. Murmu, IAS and Shri N. S. Vishwanathan Nominee Director from IFCI Ltd. ceased to be directors. The Board places on record the deep appreciation for valuable services and guidance provided by outgoing directors during the tenure of his directorship.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors confirm that in the preparation of the accounts for the period ended March 31, 2004:

1. The applicable accounting standards have been followed and that no material departures have been made from the same.
2. Such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year.
3. Proper and sufficient care has been taken 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.
4. The annual accounts have been prepared 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.

**PERSONNEL:**

As no employee is in receipt of remuneration in excess of limits specified by Section 217(2A) of the Companies Act, 1956,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

**HUMAN RESOURCE DEVELOPMENT:**

Since the commencement of the Port, **Employee First** has been the practicing philosophy. The development of the Organization is the result of the hard work put up by its employees. Mundra is a remote location and to partly compensate the remoteness over the period of time, there has been growth in the welfare activities for the employees. **Shantivan Welfare Council (SVWC) a body by the employees for the employees** has been formed. Better facilities in the form of Adani Supermarket, Club house with library facilities, Cricket ground, Medical centre with visiting specialists doctors, Cyber café, Pantry services, Free potable water in 20 liter jars, Frequent shopping trips to Mundra town, etc. are being provided to the employees & their family members.

**SOCIAL RESPONSIBILITY:**

The SBAT trust which has been formed by Adani Group has contributed significantly towards fulfilling social responsibility of the Adani Group in its development of Mundra. During the year 2003-04, augmentation of infrastructural facilities to Mundra Community Health Centre was carried out and medicines were generously donated during gastro- enteritis out break. The organization has been regularly handling and educating the visitors from various fraternity like students from schools, management institutes, technical & non-technical institutions, Government officials, NGOs, Social & Political leaders, Media persons and general public of Kutch and nearby places visiting the port.

**AUDITORS AND AUDITORS' REPORT:**

The retiring auditors, M/s G. K. Choksi & Co., Chartered Accountants, Ahmedabad, retire at this Annual General Meeting, and have confirmed their eligibility and willingness to accept office, if reappointed. They have given a certificate to the effect that the reappointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

Notes forming part of accounts are self - explanatory and therefore, do not call for any further comments.

**APPRECIATION AND ACKNOWLEDGMENT:**

The Board of Directors take this opportunity to thank the Government of India, Government of Gujarat, Gujarat Maritime Board, Financial Institutions and Banks for their continuous support and assistance. The Board also recognizes the contribution of the esteemed customers, suppliers, business associates, and shareholders in the growth of the Company. The Board particularly expresses its sincere thanks to the employees 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**

**Date: 25/10/2004**
**Place: Ahmedabad**

**V. K. Babbar, IAS**
**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:**

i) Lighting Towers for Cargo complex in to 500 KVA Stabilizer installed at Chemical tank farm. Annual Saving expected is 1.44 lacs.

ii) Lighting Towers for Coal yard also connected to 250 KVA stabilizer installed at Substation 3. Annual Saving expected is 1.44 lacs.

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

No investment has been made during the period under review specifically for reduction of energy consumption.

**(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 the company

### B. TECHNOLOGY ABSORPTION:

The Company has not entered into any Joint Venture. The Company has installed 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 | : | NIL |
| Foreign Exchange Outgo | : | Rs. 13,510,000 |

## 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 March, 2004 and the Profit and Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
   (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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   (e) on the basis of written representations received from the directors of the Company as on 31st March, 2004 and taken on record by the Board of Directors, none of the Directors of the Company is disqualified from being appointed as a Director 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 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 :
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2004;
      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the period ended on that date;
      (iii) 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**

**Date : 25/10/2004**
**Place: Ahmedabad**

**V. C. Shah**
**Partner**
Membership No. 12108

**Annexure to the Auditors' Report**

(Referred to in paragraph 3 of our Report of even date)

(i) (a) The Company is in the process of compiling proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) We were informed that all major items of fixed assets were physically verified by the Management at the end of the year and that no discrepancy was noticed on such verification, which, on account of proper records being still under compilation, could not be verified.

(c) The Company has not disposed of any substantial part of its fixed assets during the year as would affect its going concern status.

(ii) (a) In our opinion, physical verification of inventory (which, in the case of the Company, is only in respect of consumable stores and spare parts) has been conducted by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of records of inventory, in our opinion, the Company is maintaining proper records of inventory. No material discrepancy was noticed on physical verification of the inventory.

(iii) (a) As per the information and explanations given to us, the Company has granted an unsecured loan to one company covered in the register maintained u/s.301 of the Companies Act, 1956. The balance outstanding on account of this loan as at the end of the year was Rs.4,925 thousand and the maximum balance outstanding during the year was Rs.5,000 thousand.

(b) Considering the long term business interests of the Company as explained to us, the terms and conditions of the above loan (which is interest free) are prima facie not prejudicial to the interest of the Company.

(c)&(d) As per the information and explanations given to us, no part of the loan had fallen due for repayment this year.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory (which, as mentioned before, is confined to consumable stores and spare parts) and fixed assets. The Company's business does not entail sale of goods as such.

(v) (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301of 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 lakhs 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) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the class of companies to which the Company belongs.

(ix) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and the Company had no arrears of such outstanding statutory dues as at 31st March, 2004 for a period more than six months from the date they became payable.

(b) According to the information and explanations given to us, the Company had no disputed outstanding statutory dues as at 31st March, 2004.

(x) The Company has no accumulated losses as at 31st March, 2004 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) Given below are the details of the Company's default in the form of delayed repayment of dues and period of default to banks. Punjab National Bank (Rs. 2874000 - 42 days and 16934000 - 9 days), State Bank of India (Rs.10881000 - 24 days), ICICI Bank Limited (147000 - 2 days).

(xii) As per the information and explanations given to us, the Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.

(xv) As per the information given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

(xvii) In our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis. In consonance with the principles of financial management, a part of the funds raised on long term basis has been used to finance working capital.

(xviii) The Company has made preferential allotment of 5,620 0.01% Non-Cumulative Redeemable Preference Shares of Rs.10 each at a premium of Rs.990 each to parties covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which they have been issued is not prejudicial to the interest of the Company.

(xix) The Company has not issued any debentures during the period under review.

(xx) The Company has not raised any money by public issue during the period under review.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period under review.

For **G. K. Choksi & Co.**
**Chartered Accountants**

**Date: 25/10/2004**
**Place: Ahmedabad**

**V. C. Shah**
**Partner**
Membership No. 12108

# GUJARAT ADANI PORT LTD.

## Balance Sheet as at 31st March, 2004

| | Schedule | Rs.'000 | As at 31st March, 2004 Rs.'000 | As at 31st December,2002 Rs.'000 |
|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | |
| **Shareholders' Funds** | | | | |
| Share Capital | A | 1,428,110 | | 1,400,000 |
| Reserves and Surplus | B | 3,254,845 | | 444,503 |
| | | | 4,682,956 | 1,844,503 |
| Amounts Received under Long Term Infrastructure Usage Agreements (See Note 5) | | | 4,552,843 | 672,301 |
| Loan Funds | C | | 2,841,961 | 4,965,176 |
| | **Total** | | 12,077,760 | 7,481,980 |
| **APPLICATION OF FUNDS** | | | | |
| **Fixed Assets** | D | | | |
| Gross Block | | 7,282,192 | | 4,516,390 |
| Less : Depreciation | | 339,763 | | 97,877 |
| Net Block | | 6,942,429 | | 4,418,513 |
| Capital Work- in- Progress | | 1,965,442 | | 777,427 |
| | | | 8,907,871 | 5,195,940 |
| Port Infrastructure Development (See Note 3) | | | | 2,718,146 |
| Investments | E | | 2,060,555 | -- |
| **Current Assets, Loans and Advances** | F | | | |
| Inventories | | 1,551 | | |
| Sundry Debtors | | 24,735 | | 26,846 |
| Cash and Bank Balances | | 41,644 | | 35,728 |
| Loans and Advances | | 1,741,467 | | 173,912 |
| | | 1,809,397 | | 236,486 |
| Less : Current Liabilities and Provisions | G | 833,439,331 | | 672,044 |
| **Net Current Assets** | | | 975,958 | (435,558) |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | | | 133,376 | 3,452 |
| | **Total** | | 12,077,760 | 7,481,980 |
| Significant Accounting Policies | L | | | |
| Notes forming part of the Accounts | M | | | |

As per our attached Report of even date

FOR **G. K. Choksi & Co.**
**Chartered Accountants**

**V. C. Shah**
**Partner**
**Date : 25/10/2004**
**Place : Ahmedabad**

**Rahul C. Shah**
**Company Secretary**

**For and on behalf of the Board**

**V. K. Babbar, IAS** — **Chairman**
**Gautam S. Adani** — **Managing Director**
**H. K. Dash, IAS** — **Director**

**Date : 25/10/2004**
**Place : Ahmedabad**

## Profit and Loss Account for the period ended 31st March, 2004

| | Schedule | For the period ended 31st March,2004 Rs.'000 | Rs.'000 | For the period ended 31st December, 2002 Rs'000 |
|---|---|---|---|---|
| **INCOME** | | | | |
| Income from Operations | | 1,056,484 | | 582,399 |
| Other Income | H | 53,953 | | 3,884 |
| | | | 1,110,437 | 586,283 |
| **EXPENDITURE** | | | | |
| Operating Expenses | I | 238,731 | | 144,758 |
| Administrative and General Expenses | J | 176,107 | | 62,505 |
| Interest | K | 435,115 | | 256,604 |
| Depreciation | D | 241,886 | | 97,877 |
| | | | 1,091,839 | 561,744 |
| **Profit Before Tax and Prior Period Adjustments** | | | 18,598 | 24,539 |
| Prior Period Adjustments (Net) | | | 15,741 | -- |
| Profit before Tax | | | 34,339 | 24,539 |
| Provision for Tax | | | 6,923 | 36 |
| Profit after Tax | | | 27,416 | 24,503 |
| Balance brought forward from Previous Year | | | 12,003 | -- |
| Balance available for appropriation | | | 39,419 | 24,503 |
| Transfer (to) / from Debenture Redemption Reserve | | | 12,500 | (12,500) |
| **Balance carried to Balance Sheet** | | | 51,919 | 12,003 |
| Basic and Diluted Earning per Share (annualised) (See Note 9) | | | 0.16 | 0.14 |
| Significant Accounting Policies | L | | | |
| Notes forming part of the Accounts | M | | | |

As per our attached Report of even date

FOR **G. K. Choksi & Co.**
**Chartered Accountants**

**V. C. Shah**
**Partner**
**Date : 25/10/2004**
**Place : Ahmedabad**

**Rahul C. Shah**
**Company Secretary**

**For and on behalf of the Board**

| | |
|---|---|
| **V. K. Babbar, IAS** | **Chairman** |
| **Gautam S. Adani** | **Managing Director** |
| **H. K. Dash, IAS** | **Director** |

**Date : 25/10/2004**
**Place : Ahmedabad**

## Cash Flow Statement for the period ended 31st March, 2004

| | | For the period ended 31st March, 2004 Rs.'000 | For the period ended 31st December,2002 Rs.'000 |
|---|---|---|---|
| A. | Cash Flow from Operating Activities | | |
| | Profit before Tax | 34,339 | 24,539 |
| | Adjustments for : | | |
| | Depreciation | 241,886 | 97,877 |
| | Miscellaneous Expenditure Written Off | 17,916 | 1,181 |
| | Interest Expense | 435,115 | 256,604 |
| | Interest Income | (46,271) | (1,329) |
| | Profit on Sale of Container Wharf | (3551) | -- |
| | Unrealised Foreign Exchange Gain | -- | (1687) |
| | Operating Profit before Working Capital Changes | 679,434 | 377,185 |
| | Adjustments for : | | |
| | Trade and Other Receivables | (1,565,162) | (148,103) |
| | Inventories | (1,551) | -- |
| | Miscellaneous Expenditure | (147,840) | -- |
| | Unamortised balance of Amounts Received under Long Term Infrastructure Usage Agreements | 3,880,542 | 672,301 |
| | Current Liabilities | 157,269 | 516,098 |
| | Cash Generated from Operations | 3,002,692 | 1,417,481 |
| | Tax Payment | (318) | (352) |
| | Net Cash from Operating Activities | 3,002,374 | 1,417,129 |
| B. | Cash Flow from Investing Activities | | |
| | Purchase of Fixed Assets | (835,279) | (155,303) |
| | Capital Work-in-Progress | (1,686,828) | (1,942,041) |
| | Purchase of Investments | (2,060,555) | -- |
| | Sale of Container Wharf | 1,291,415 | -- |
| | Interest received | 46,731 | 1,191 |
| | Net Cash used in Investing Activities | (3,244,516) | (2,096,153) |
| C. | Cash Flow from Financing Activities | | |
| | (Repayment)/Procurement of Long Term Borrowings | (1,949,964) | 1,261,121 |
| | Proceeds from issue of Share Capital | 2,611,037 | 3,960 |
| | Interest Paid | (612,555) | (682,074) |
| | Net Cash Flow from Financing Activities | 248,518 | 583,007 |
| | Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 6,376 | (96,017) |
| | Cash and Cash Equivalents - Opening | 34,425 | 130,442 |
| | Cash and Cash Equivalents - Closing | 40,801 | 34,425 |

**Note :** Previous Year's figures have been regrouped where necessary

As per our attached Report of even date

For **G. K. Choksi & Co.**
**Chartered Accountants**

**V. C. Shah**
**Partner**
**Date : 25/10/2004**
**Place : Ahmedabad**

**Rahul C. Shah**
**Company Secretary**

**For and on behalf of the Board**

**V. K. Babbar, IAS** — **Chairman**
**Gautam S. Adani** — **Managing Director**
**H. K. Dash, IAS** — **Director**

**Date : 25/10/2004**
**Place : Ahmedabad**

| | As at 31st March,2004 Rs.'000 | As at 31st March,2004 Rs.'000 | As at 31st December,2002 Rs.'000 |
|---|---|---|---|
| **Schedule - `A' : Share Capital** | | | |
| **Authorised** | | | |
| 20,50,00,000 (Previous Year 14,00,00,000) Equity Shares of Rs.10 each | | 2,050,000 | 1,400,000 |
| 50,00,000 (Previous Year Nil) Non Cumulative Redeemable Preference Shares of Rs.10 each | | 50,000 | -- |
| | | 2,100,000 | 1,400,000 |
| **Issued, Subscribed and Paid - up** | | | |
| Equity Share Capital | | | |
| 14,00,00,000 Equity Shares of Rs.10 each fully Paid up (Previous Year 14,00,00,000 Equity Shares) Of the above, 7,71,21,675 Shares (previous year 7,42,41,750 Shares) are held by Adani Infrastructure Services Ltd., the holding company, and Nil Shares (Previous Year 15,99,040 Shares) are held by Adani Agro Pvt. Ltd., the holding company of Adani Infrastructure Services Ltd | | 1,400,000 | 1,400,000 |
| **Preference Share Capital** | | | |
| 2811037, 0.01% Non-Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up (Previous Year - Nil) (Redeemable on 28/03/2024) | | 28,110 | |
| | | 1,428,110 | 1,400,000 |
| **Schedule - 'B' - Reserves and Surplus** | | | |
| Share Premium | | 3,202,927 | 420,000 |
| Debenture Redemption Reserve | 12,500 | | -- |
| Add: Transferred from Profit and Loss Account | -- | | 12,500 |
| Less: Transferred to Profit and Loss Account | 12,500 | | -- |
| | | -- | 12,500,000 |
| Profit and Loss Account | | 51,919 | 12,003 |
| | | 3,254,846 | 444,503 |

**Note:** Increase in Share Premium is on account of Premium received on the issue of Preference Shares this year.

| | As at 31st March,2004 Rs.'000 | As at 31st December,2002 Rs.'000 |
|---|---|---|
| **Schedule - `C' : Loan Funds** | | |
| Secured Loans | | |
| Nil (Previous Year 97,00,000) 16.2216% Secured Non Convertible Redeemable Debentures of Rs.100 each | -- | 970,000 |
| Term Loans from Banks | 2,548,745 | 3,550,497 |
| Term Loan from Life Insurance Corporation of India | -- | 270000 |
| Deferred Payment Credit from the Suppliers of Tugs secured by hypothecation thereof | 293,216 | -- |
| Interest accrued and due on Loans | -- | 174,679 |
| | 2,841,961 | 4,965,176 |

Term Loans from Banks include Term Loan from ICICI Bank Ltd. (Rs. 4,12,75,000 as at 31-3-2004) which, together with a Guarantee Facility of Rs. 7,80,00,000 provided by that bank, is secured by first mortgage and charge on all the immovable and movable assets of the Company pertaining to its Single Point Mooring System (SPM) Project and further, by a second mortgage and charge on the Company's other immovable and movable assets over which the first charge is created in respect of the Term Loans from other banks referred to below.

The Term Loans from other Banks are secured by first mortgage and charge on all the immovable and movable assets of the Company (other than the assets pertaining to its SPM Project referred to above), both present and future, subject to prior charges of Banks on specified movables created/to be created in their favour by way of security for working capital facilities.

## Schedule - D : Fixed Assets

| | Gross Block (At Cost) | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | As at 01-01-03 | Additions | Deductions | As at 31-03-04 | Upto 31-12-02 | For the Period | Deductions | Upto 31-03-04 | As at 31-03-04 | As at 31-12-02 |
| Freehold Land | 67471 | 42761 | -- | 110232 | -- | -- | -- | -- | 110232 | 67471 |
| Buildings | 953419 | 281158 | 7206 | 1227371 | 3247 | 23658 | -- | 26905 | 1200466 | 950172 |
| Marine Structures | 2022168 | 25883 | 13156 | 2034895 | 84127 | 85217 | -- | 169344 | 1865551 | 1938041 |
| Dredged Channels | -- | 1929095 | -- | 1929095 | -- | 20795 | -- | 20795 | 1908300 | -- |
| Tugs | -- | 464810 | -- | 464810 | -- | 21360 | -- | 21360 | 443450 | -- |
| Railway Tracks | 1222597 | 29730 | 10767 | 1241560 | 7160 | 73492 | -- | 80652 | 1160908 | 1215437 |
| Plant and Machinery | 249814 | 9117 | 1633 | 257298 | 3299 | 15087 | -- | 18386 | 238912 | 246515 |
| Office Equipment | 492 | 12546 | -- | 13038 | 13 | 1935 | -- | 1948 | 11090 | 479 |
| Vehicles | 429 | 3464 | -- | 3893 | 31 | 342 | -- | 373 | 3520 | 398 |
| | | | | | | | | | 6942429 | 4418513 |
| Capital Work-in-Progress | -- | -- | -- | -- | -- | -- | -- | | 1965442 | 777427 |
| TOTAL | 4516390 | 2798564 | 32762 | 7282192 | 97877 | 241886 | -- | 339763 | 8907871 | 5195940 |
| Previous Year | 43682 | 4472808 | -- | 4516390 | -- | 97877 | -- | 97877 | 4418513 | -- |

Additions during the year and Capital Work-in-Progress include -

a) Rs. 9946 thousands on account of exchange rate difference(Net).

b) Rs. 331540 thousands on account of borrowing cost.

Deductions during the year include Rs. 8518 thousands on account of exchange rate difference (Net)

Capital Work-in-Progress includes advances Rs.704778 thousands.

| | As at 31st March,2004 Rs.'000 | | As at 31st December,2002 Rs.'000 |
|---|---|---|---|
| **Schedule - `E' : Investments** | | | |
| Long Term (At cost - Trade, Unquoted) | | | |
| 2,57,56,937(Previous Year - Nil) Equity Shares of | | | |
| Rs 10 each fully paid up of Adani Port Limited | | 2,060,555 | -- |
| **Schedule - `F' : Current Assets, Loans and Advances** | | | |
| **Inventories** | | | |
| Stock of Consumables (At Cost) | | | |
| (As valued and certified by the Management) | | 1,551 | |
| **Sundry Debtors** | | | |
| (Unsecured, Considered Good) | | | |
| Outstanding for more than six months | 13,329 | | 15,923 |
| Others | 11,406 | | 10,923 |
| | | 24,735 | 26,846 |
| **Cash and Bank Balances** | | | |
| Cash on Hand | 68 | | 234 |
| Balances with Scheduled Banks in : | | | |
| Current Accounts | 14,745 | 7,173 | |
| Term Deposit Accounts | 26,831 | | 28,321 |
| | 41,576 | | 35,494 |
| | | 41,644 | 35,728 |
| **Loans and Advances** | | | |
| (Unsecured, Considered Good) | | | |
| Advances Recoverable in Cash or in Kind | | | |
| or for Value to be Received | 1,730,883 | | 163,589 |
| Includes Rs.39515 thousands (Previous Year Nil) | | | |
| due from a company under the same Management | | | |
| Advance Payment of Taxes | 868 | | 586 |
| Deposits | 9,716 | | 9,737 |
| | | 1,741,467 | 173,912 |
| | | 1,809,397 | 236,486 |
| **Schedule - `G' : Current Liabilities and Provisions** | | | |
| **Current Liabilities** | | | |
| Sundry Creditors | 457,496 | | 453,105 |
| Deposits from Customers/Contractors | 18,045 | | 42,192 |
| Interest Accrued but not Due | 7,129 | | 9,890 |
| Other Liabilities | 343,846 | | 166,821 |
| | | 826,516 | 672,008 |
| **Provisions** | | | |
| For Tax | | 6,923 | 36 |
| | | 833,439 | 672,044 |

| | For the Period ended 31st March'2004 Rs.'000 | For the Period 31st December'2002 Rs.'000 |
|---|---|---|
| **Schedule - `H' : Other Income** | | |
| Interest | 46,271 | 1,329,451 |
| Rent | 12 | 2,555 |
| Sale of Scrap | 1,268 | |
| Insurance Claims Received | 2,851 | |
| Profit on Sale of Container Wharf | 3,551 | |
| | 53,953 | 3,884 |
| **Schedule - `I' : Operating Expenses** | | |
| Royalty to Gujarat Maritime Board | 36,772 | 32,308 |
| Tug and Pilotage Charges | 91,623 | 71,092 |
| Other Marine Expenses | 8,128 | 7,588 |
| Railway Operating Expenses | 55,714 | 12,755 |
| Electricity | 13,633 | 2,949 |
| Payments to and Provisions for Employees | 32,861 | 18,066 |
| | 238,731 | 144,758 |
| **Schedule - `J' : Administrative and General Expenses** | | |
| Rent | 3,135 | 474 |
| Rates and Taxes | 1,138 | 779 |
| Insurance | 12,758 | 13,269 |
| Advertisement and Publicity | 9,520 | 1,949 |
| Repairs to Buildings | 4,458 | 5,175 |
| Repairs to Plant & Machinery | 17,506 | 9,078 |
| Other Repairs | 5,626 | 453 |
| Maintenance Dredging | 15,694 | -- |
| Fees and Legal Expenses | 20,320 | 11,063 |
| Travelling and Conveyance Expenses | 21,618 | 5,260 |
| Bank and Other Finance Charges | 15,826 | 5,837 |
| Auditors' Remuneration | 917 | 422 |
| Inaugaration Expenses | 11,126 | |
| Other Expenses | 18,549 | 7,565 |
| Miscellaneous Expenditure written off | 17,916 | 1,181 |
| | 176,107 | 62,505 |
| **Schedule - `K' : Interest** | | |
| On Debentures | 61,832 | 201,000 |
| On Other Fixed Loans | 373,283 | 55,604 |
| | 435,115 | 256,604 |

**Schedule-'L': Significant Accounting Policies**

1. **General**

   These financial statements have been prepared under the Historical Cost Convention and in accordance with the requirements of the Companies Act, 1956.

2. **Use of Estimates**

   These financial statements have been prepared on the basis of estimates, wherever necessary, which have an effect on the reported amounts of assets and liabilities as on the date of the statements and the reported amounts of income and expenditure for the reporting period. The difference between actuals and estimates is recognized in the subsequent period when the actuals are known.

3. **Fixed Assets and Capital Work-in-Progress**

   (i) Fixed Assets are stated at cost less accumulated depreciation. Cost includes interest on borrowings attributable to the acquisition of the Fixed Assets, up to the date of their commissioning, and other incidental expenses incurred up to that date.

   (ii) Capital Work-in-Progress includes projects under implementation and other capital work-in-progress, which are carried at cost, comprising direct cost, related incidental expenses and attributable interest. Advance payments on capital account are also included in Capital Work-in-Progress.

4. **Depreciation**

   (i) Depreciation on Fixed Assets, other than Marine Structures and Dredged Channels, is provided on Straight Line Method in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to that Act.

   (ii) The cost of Marine Structures and Dredged Channels is amortized over the period of the Concession Agreement with the Gujarat Maritime Board.

5. **Foreign Currency Transactions**

   (i) Transactions denominated in foreign currencies are normally recorded at the rates of exchange prevailing at the time of the transactions. Exchange differences arising on transactions settled during the year, other than those in respect of the liabilities related to the acquisition of fixed assets which are adjusted to the cost of those assets, are recognized in the Profit and Loss Account for the year.

   (ii) All foreign currency denominated monetary assets and liabilities are translated at the rates of exchange prevailing on the date of the Balance Sheet and the exchange differences resulting there from, other than those in respect of the liabilities related to the acquisition of fixed assets which are adjusted to the cost of those assets, are recognized in the Profit and Loss Account for the year.

6. **Revenue Recognition**

   Income from port operation services is recognized in the year in which they are provided. Income from infrastructure usage is recognized in the year for which usage is granted.

7. **Taxes on Income**

   Current tax is determined as the amount of tax payable on taxable income for the year computed in accordance with the provisions of the Income-tax Act, 1961. Deferred tax is recognized on timing differences between the taxable income and the accounting income which originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized and carried forward 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.

8. **Expenditure during the Construction Period**

   Expenditure (including finance charges) incurred during the period of implementation of projects is treated as preoperative expenditure pending allocation to fixed assets and is shown under "Capital Work-in-Progress" and the same is apportioned to fixed assets on commencement of commercial activities.

**Schedule-'M' : Notes forming part of the Accounts**

1. Pursuant to the resolution passed by the Board of Directors of the Company at their meeting held on 15th September, 2003, the financial year of the Company was extended to fifteen months from 1st January, 2003 to 31st March, 2004 and accordingly, these financial statements are in respect of the said fifteen month period.

2. Contingent Liabilities and Commitments on Capital Account

Rupees in Thousands

| Particulars | As at 31-03-2004 | As at 31-12-2002 |
|---|---|---|
| Guarantees | 1,54,866 | 2,52,181 |
| Estimated amount of Unexecuted Capital Contracts (Net of Advances) | 16,77,690 | 4,69,028 |

3. Expenditure of Rs. 27,18,146 thousands on the construction and development of port infrastructure which was still under construction/development and, therefore, shown under the head "Port Infrastructure Development" in the Balance Sheet as at 31st December, 2002, together with further expenditure incurred during the current year, was allocated to assets completed during the period viz., the Container Wharf (which was sold during the year) and Dredged Channels (shown in Schedule 'D' in respect of Fixed Assets).

4. During the year Rs. 20,735 thousands (Previous Year Rs. 24,714 thousands) were reimbursed to other companies on account of the Company's share of common personnel, administrative and other expenses incurred by them, as agreed upon between the companies.

5. Long Term Agreements

   (a) Under the Agreement dated 31st May, 2002, the Company has received from Guru Gobind Singh Refineries Ltd. Rs. 3,13,631 thousands in consideration of grant of the right to use certain infrastructure facilities of the Company for the period upto 27th September, 2030. This amount will be recognized as revenue proportionately over the period up to 27th September, 2030. The unamortized balance of this amount has been shown under "Amounts Received under Long Term Infrastructure Usage Agreements" in the Balance Sheet.

   (b) Under the Agreement dated 9-10-2002, the Company has agreed to provide a Single Point Mooring System to the Indian Oil Corporation Ltd. (IOCL) for berthing of Crude Oil Vessels, and related facilities. Under another Agreement dated 15th November, 2002, the Company has granted a Sub-lease of certain land to the IOCL up to 16th February, 2031 for setting up of a Crude Oil Terminal Project. In consideration of the grant of the said Sub-lease and towards the development cost of the land, IOCL has paid to the Company a sum of Rs.3,69,097 thousands as one time Premium and Development Cost which the Company has decided to amortize over the period of the Sub-lease. The unamortized balance of this amount has been shown in the Balance Sheet as "Amounts Received under Long Term Infrastructure Usage Agreements".

   (c) Under the Agreement dated 5th June, 2003, the Company has received from Adani Container (Mundra) Terminals Limited Rs.40,28,090 thousands in consideration of grant of the right to use certain infrastructure facilities of the Company (including Dredged Cannels) for the period upto 17th February, 2031. This amount will be recognized as revenue proportionately over the period upto 17th February, 2031. The unamortized balance of this amount has been shown under "Amounts Received Under Long-term Infrastructure Usage Agreements" in the Balance Sheet.

6. A Scheme of Amalgamation u/s. 391of the Companies Act, 1956 has been submitted to the High Court of Gujarat for sanction of amalgamation of Adani Port Limited with the Company with effect from 1-4-2003. Pending sanction of the High Court, no effect of the proposed amalgamation has been given in these accounts.

7. Since the Company is primarily engaged in the business of developing, operating and maintaining the Mundra Port and related infrastructure, and since all its activities revolve around that business, there is no other reportable segment as per the Accounting Standard - 17 - Segment Reporting.

8. Related Party Disclosures

**(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 Infrastructure Services Ltd. (Holding Company)
- Adani Agro Private Limited (Holding Company of Adani Infrastructure Services Ltd.)
- Adani Exports Limited
- Adani Port Limited
- Adani Wilmar Limited
- Adani Impex Private Limited
- Gujarat Adani Energy Limited
- Adani Port Infrastructure Limited
- B2C India Limited
- I Call India Limited
- Mundra Special Economic Zone Limited
- Gujarat Adani Infrastructure Private Limited
- Adani Chemical Limited
- Adani Properties Private Limited

| (b) | Transactions with related parties | 1st January, 03 to 31st March ,04 Rs.'000 | 1st October, 01 to 31st December,02 Rs.'000 |
|---|---|---|---|
| (i) | Rendering of Port Services | | |
| | - Associates | 143568 | 78226 |
| (ii) | Purchase of Capital Goods | | |
| | - Associates | 9874 | 337750 |
| (iii) | Share of Common Personnel, Administrative and Other Expenses incurred by: | | |
| | - Associates | 20735 | 67736 |
| (iv) | Purchase of Investments | | |
| | - Associates | 2060555 | -- |
| (v) | Funds Given including Project Advances (Net of Repayment) to | | |
| | - Associates / Holding Company | 1693206 | 128395 |
| (vi) | Sitting Fees | | |
| | - Key Management Persons | 5 | 5 |
| (vii) | Outstanding balances as at 31st March, 2004 | | |
| | - Associates / Holding Company | 1439292 | 402032 |

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

9. Earnings per Share

| Particulars | 1st January, 2003 to 31st March , 2004 | 1st October, 2001 to 31st December, 2002 |
|---|---|---|
| Net Profit for the period (Rs.'000) | 27,416 | 24,503 |
| Number of Equity Shares | 14,00,00,000 | 14,00,00,000 |
| Nominal Value of the Shares | 10 | 10 |
| Earning per Share (Annualized) (Basic and Diluted) (Rs.) | 0.16 | 0.14 |

10. Miscellaneous Expenditure shown in the Balance Sheet is made up of:

Rs. '000

| | | |
|---|---|---|
| (a) | 18,753 | On account of expenditure on publicity, the benefit from which is expected to be derived over a number of years, which, therefore, is amortized pro-rata over a period of five years beginning with the year in which it was incurred (Previous Year Rs. NIL) |
| (b) | 1,12,311 | On account of pre-payment premium on premature redemption of Debentures issued to IFCI Ltd. and on premature repayment of Term Loan from Life Insurance Corporation of India which, considering that the benefit in the form of saving in interest cost would be derived over the entire period for which the Debentures/Term Loan would have remained outstanding, is amortized pro-rata over the said period (Previous Year Rs. NIL) |
| (c) | 2,312 | On account of Preliminary Expenses which are amortized pro-rata over a period of five years beginning with the year of commencement of commercial operations (Previous Year Rs. 3,452) |

It may be noted that the expenditure at items (a) and (b) has been incurred during accounting periods prior to the coming into effect of the Accounting Standard 26 on Intangible Assets issued by the Institute of Chartered Accountants of India.

11. The Company has, with a view to saving interest cost on borrowed funds, entered into certain derivative transactions involving foreign currency. These derivative transactions being considered as off Balance Sheet transactions, their effect on revenue is recognized in the books of account as and when settlement takes place in accordance with the terms of the respective contracts over the tenor thereof.

12. 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 Undertakings Act, 1993" concerning their status, it is not possible to give particulars regarding unpaid amount together with interest on delayed payments to such suppliers.

13. Auditors' Remuneration is made up of

Rs. '000

| Particulars | 1st January, 2003 to 31st March , 2004 | 1st October, 2001 to 31st December, 2002 |
|---|---|---|
| Audit Fees (inclusive of Rs. Nil capitalized. Previous Year Rs. 375) | 750 | 797 |
| Tax Audit Fees (including Rs. 33 capitalized) (Includes Rs. 100 for the Previous Year) | 200 | -- |

14. Additional information pursuant to the provisions of para 4C and 4D of Part-II of Schedule-VI to the Companies Act, 1956 to the extent applicable:

| Expenditure in Foreign Currency | Rs. '000 |
|---|---|
| Traveling Expenses | 30 |
| Interest | 13,480 |

15. In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet. Provision has been made for all known liabilities and the same is adequate and not in excess of the amount considered reasonably necessary.

16. Balances of Sundry Debtors, Creditors, Loans and Advances are subject to confirmation by the parties concerned.

17. The figures of the previous year are for the fifteen month period from 1-10-2001 to 31-12-2002. The previous year's figures have been recast/restated wherever necessary.

As per our attached Report of even date

For **G. K. Choksi & Co.**

**Chartered Accountants**

**V. C. Shah**
**Partner**

**Date : 25/10/2004**
**Place : Ahmedabad**

**Rahul C. Shah**
**Company Secretary**

**For and on behalf of the Board**

| | |
|---|---|
| **V. K. Babbar, IAS** | **Chairman** |
| **Gautam S. Adani** | **Managing Director** |
| **H. K. Dash, IAS** | **Director** |

**Date : 25/10/2004**
**Place : Ahmedabad**

**Balance Sheet Abstract and Company's General Business Profile:**

**I. Registration Details:**

Registration No. : 034182 State Code : 04

Balance Sheet Date : 31-03-2004

**II. Capital Raised during the year (Amount Rs. '000)**

| | | | |
|---|---|---|---|
| Public Issue: | -- | Right Issue: | -- |
| Bonus Issue: | -- | Private Placement: | 28110 |

**III. Position of Mobilisation and Deployment of Funds (Amount Rs. '000)**

| | | | |
|---|---|---|---|
| **Total Liabilities** | 12911199 | **Total Assets** | 12911199 |
| **Sources of Funds:** | | **Application of Funds** | |
| Paid-up Capital | 1428110 | Net Fixed Assets | 890787 |
| Reserve and Surplus | 3254846 | Investments | 2060555 |
| Amounts Received under Long Term Infrastructure Usage Agreement. | 4552843 | Net Current Assets | 975958 |
| Secured Loans | 2841961 | Miscellaneous Expenditure | 133376 |
| Unsecured Loans | -- | | |

**IV. Performance of the Company (Amount Rs. '000)**

| | | | |
|---|---|---|---|
| Turnover and Other Income | 1126178 | Total Expenditure | 1091839 |
| (+) Profit/(Loss) before tax | 34339 | (+) Profit/(Loss) after tax | 27416 |
| Earning per share (annualized) | 0.16 | Dividend Rate | -- |

**V. Generic names of three Principal Products/Services of the Company**
(as per monetary terms)

| Product/Service Description | Item code No. |
|---|---|
| Port Services | Not Applicable |

**For and on behalf of the Board**

| | |
|---|---|
| **V. K. Babbar, IAS** | **Chairman** |
| **Gautam S. Adani** | **Managing Director** |
| **H. K. Dash, IAS** | **Director** |

**Date : 25/10/2004** **Rahul C. Shah**

**Place : Ahmedabad** **Company Secretary**

## FORM OF PROXY
## GUJARAT ADANI PORT LIMITED

**REGISTERED OFFICE:** "ADANI HOUSE", NR. MITHAKHALI CIRCLE, NAVRANGPURA, AHMEDABAD 380 009.

I/We _____

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

5th Annual General Meeting of the Company to be held on Monday, 22nd November, 2004 at 6.00 p.m. and at any

adjournment thereof.

Signed this _____ day of _____ 2004

One Rupee Revenue Stamp

Note: The proxy and the power of Attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at Registered Office of the Company at "Adani House", Nr. Mithakhali Circle, Navrangpura, Ahmedabad 380 009 not less than 48 hours before the date and time for holding the Annual General Meeting.

----------Tear Here----------

## ATTENDANCE SLIP

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

## GUJARAT ADANI PORT LIMITED

**REGISTERED OFFICE:** "ADANI HOUSE", NR. MITHAKHALI CIRCLE, NAVRANGPURA, AHMEDABAD 380 009.

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

| | |
|---|---|
| DP ID | Member's Folio No. |
| Client ID | No. of shares held |

I hereby record my presence at the 5th Annual General Meeting on Monday, 22nd November 2004 at 6.00 p.m.

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 the over at the gate, affixing their signature on it.

ADANI GROUP


GUJARAT ADANI PORT LTD.

**Registered Office :**
"Adani House", Near Mithakhali Circle,
Navrangpura, Ahmedabad 380 009. (India)
Tel.: +91-79-26565555, 25555555 Fax : +91-79-26565500, 25555500
E-mail : info@adanigroup.com • Website : www.adanigroup.com

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