

# GUJARAT ADANI PORT LTD.

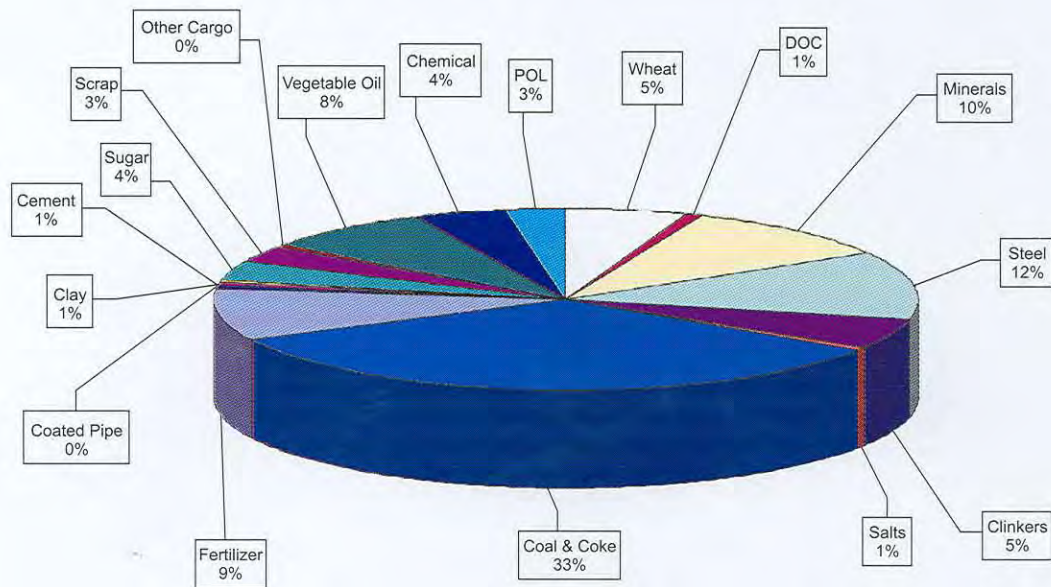
6<sup>th</sup> ANNUAL REPORT 2004-2005



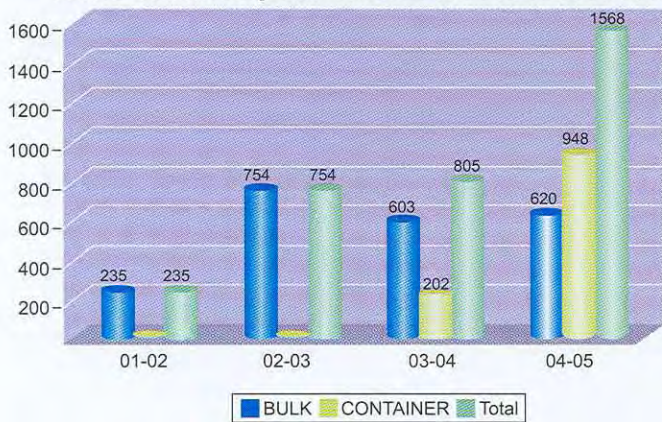
ADANI GROUP



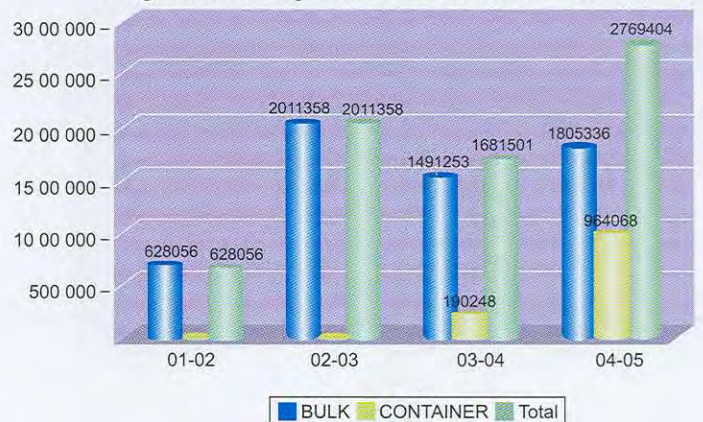
## CARGO MIX FOR 2004-2005



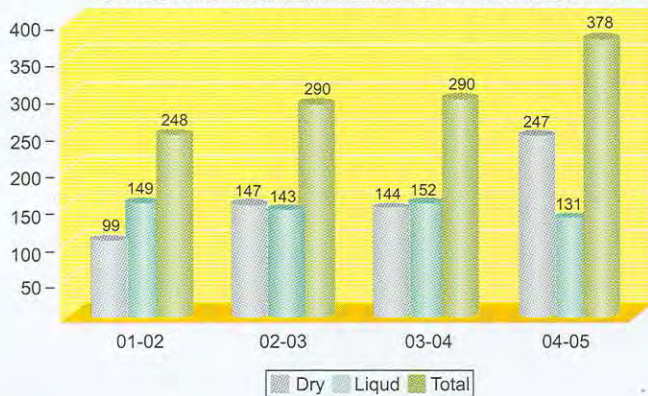
**Mundra Port**  
**Rakes Handled By Rail From 2001-2002 To 2004-2005**



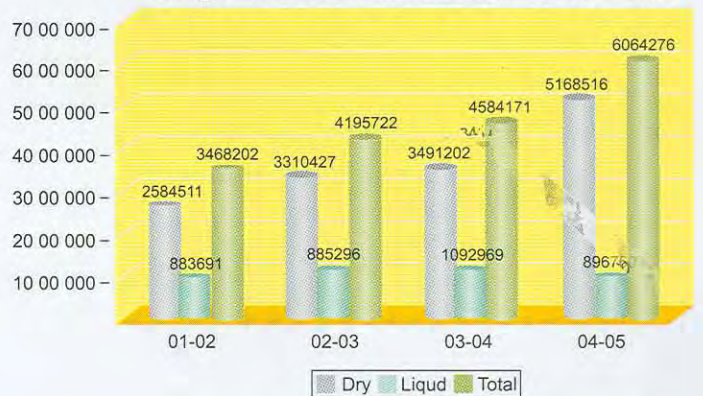
**Mundra Port**  
**Cargo Handled By Rail From 2001-2002 To 2004-2005**



**Mundra Port**  
**Vessels Handled From 2001-2002 To 2004-2005**



**Mundra Port**  
**Cargo Handled From 2001-2002 To 2004-2005**





## 6th Annual Report 2004 - 2005

### BOARD OF DIRECTORS

Shri H. K. Dash, IAS, *Chairman*  
 Shri Gautam S. Adani, *Managing Director*  
 Shri Ameet H. Desai, *Executive Director*  
 Shri Rajesh S. Adani  
 Shri Sanjay Gupta  
 Shri S. Venkiteswaran  
 Shri Arvind Agarwal, IAS  
 Shri K. N. Venkatasubramanian  
 Shri Biswajit Choudhuri, *Nominee (UTI)*

### MEMBERS OF AUDIT COMMITTEE

Shri K. N. Venkatasubramanian  
 Shri Rajesh S. Adani  
 Shri S. Venkiteswaran

### COMPANY SECRETARY

Smt. Dipti Shah

### AUDITORS

M/s. G. K. Choksi & Co.  
 Chartered Accountants,  
 Ahmedabad.

### BANKERS

Allahabad Bank	Oriental Bank of Commerce
Andhra Bank	State Bank of India
Bank of India	State Bank of Saurashtra
Canara Bank	State Bank of Travancore
HDFC Bank	Syndicate Bank
ICICI Bank Ltd.	UTI Bank Ltd.

### REGISTERED OFFICE

'Adani House'  
 Mithakhali Six Roads,  
 Navrangpura,  
 Ahmedabad - 380 009.

### SITE

Post Bag No. 1  
 Mundra - 370 421  
 Kutch.

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## DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2005.

### **AMALGAMATION OF ADANI PORT LIMITED:**

Pursuant to the shareholders approval and as per the sanction of the Hon'ble Gujarat High Court of the scheme of amalgamation vide order dated 21st April, 2005, the assets and liabilities of Adani Port Limited (APL), whose principal business was providing back-up facilities at Mundra Port, were transferred to and vested in your company with effect from the appointed date viz. 1st April, 2003 in accordance with the scheme of amalgamation and necessary memorandum has been filed with Registrar of Companies, Gujarat on 30th June, 2005.

The amalgamation has been accounted for under the Purchase Accounting Method as prescribed by Accounting Standard 14 issued by the Institute of Chartered Accountants of India. Accordingly, the operating results of APL have been included in your company's results of operations. The assets acquired and liabilities assumed have been recorded at estimated fair values determined consequent to the Scheme of Amalgamation. The goodwill of Rs.7859.49 lakhs will be amortized over 28 years commencing from 1st April, 2003, which is the Appointed Date of amalgamation being the residual period of the Concession Agreement with Gujarat Maritime Board (GMB).

### **FINANCIAL HIGHLIGHTS:**

The financial results of your company for the year ended 31st March, 2005 are therefore the combined results of operations including the amalgamated entity i.e. APL.

(Rs. in Lacs)

Particulars	For the year ended 31/03/2005	For the period 01/01/2003 to 31/03/2004 (15 Months)
Income from operations	26408.50	10564.84
Other Income	1085.49	539.53
Total Income	27493.99	11104.37
Operating and Administrative Expenses	10219.71	3990.12
Operating Profit before Interest, Depreciation and Tax	17274.28	7114.25
Interest and Financial Charges	3358.59	4509.41
Depreciation	4810.36	2418.86
Profit Before Tax and Prior period Adjustments	9105.33	185.98
Prior Period Adjustments (Net)	58.43	(157.41)
Provision for Tax	2861.54	69.23
Profit after Tax	6185.36	274.16

The current accounting year is for the year April 1, 2004 to March 31, 2005 (12 months) and pertain to the amalgamated entity whereas the previous accounting period, was for the period was from January 1, 2003 to March 31, 2004 (15 months) and for the stand-alone entity i.e. GAPL. The corresponding figures for the previous year are therefore not comparable with those of the current year.



Your Directors are pleased to inform that total income earned during the year was Rs.27493.99 lacs against expenditure of Rs. 10219.71 lacs resulting into Profit before depreciation, interest and financial charges of Rs. 17274.28 lacs. The Net Profit after tax during the year under review was Rs. 6185.36 lacs.

#### **DIVIDEND:**

With a view to conserve resources of your Company for ongoing projects, the Directors do not recommend any dividend for equity shares.

Your Directors are pleased to recommend a dividend of 0.01% on 0.01% Non Cumulative Redeemable Preference Shares of Rs. 10/- each.

#### **SHARE CAPITAL:**

On amalgamation and in consideration of transfer and vesting of undertaking of erstwhile APL, your Company has allotted equity shares to the shareholders of erstwhile APL as per the exchange ratio of 95 shares of your Company for every 100 shares of erstwhile APL (as per the scheme approved by the Hon'ble High Court of Gujarat) and the paid up capital of your Company has increased from Rs. 140.00 Crores (divided into 14.00 Crores equity shares of Rs. 10/- each) to Rs. 180.21 Crores (divided into 18.02 Crores equity shares of Rs. 10/- each).

#### **OPERATIONS:**

During the year under review, the Port of Mundra handled 859 vessels as against 545 vessels handled during the previous period of 15 months. The port handled 8.61 MMT of cargo in the year under review against 5.92 MMT of cargo in the previous period of 15 months. This year was the first full year of operations of the Container Terminal. The total cargo handled during year under review comprises 70% from Bulk Cargo and 30% from Containers.

The port has emerged as the preferred 'Port of Call' for bulk products like Iron & Steel, Coal/Coke, Fertilizers and Bentonite Bauxite. Various port based industries have been set-up in vicinity of port providing fillip to Export & Import trade of the country. The port's container terminal now has container vessel services across globe (i.e. to North & South America, Europe (including CIS & Mediterranean Region), Middle East Asia, Far East Asia & Intra Asia) and has emerged as important 'Port of Call' for container ships plying to India.

Your company has entered into contractual arrangement providing port back-up land and infrastructure with port users (like Central Warehousing Corporation, Saurashtra Containers, Forbes Gokak, Meridian Shipping, CONCOR, Parekh Marine Agencies) for development of downstream port related facilities thereby furthering the integrated port development and growth of cargo at the port.

The rail line during the year has handled 1101 rail rakes against 945 rail rakes in the previous period of 15 months and handled 4.35 MMT of cargo against 2.47 MMT of cargo in the previous period of 15 months.

The Milestones achieved during the year under review are as follows:

Highest Cargo Handled during a month	:	6,19,835 MTs during September, 2004
Highest No. of Vessels during a month	:	87 Nos. during January, 2005
Highest No. of Rakes during a month	:	200 Nos. during December, 2004

With the thrust on mechanized port operations, the cargo handling operations have become faster. The achievements at port operations to date in current financial year are also running well ahead of the corresponding period in the previous year.

#### **DEVELOPMENT PLANS:**

- Single Point Mooring Facility:**

Your Directors are pleased to inform you that your Company has completed construction of a Single Point Mooring system (used for crude oil handling) in terms of the agreement with Indian Oil Corporation Limited



(IOCL) -a Fortune 500 company and the Company has received Landing & Shipping Declaration from Custom Department on 5th May, 2005. This development heralds a new beginning of outsourcing in the Indian Crude Oil & pipeline industry. Your company's performance of unblemished project execution has catapulted port as the preferred port for crude oil & petroleum products. The port has become the focal point for crude oil handling in terms of further projects in this sector. This would result in new opportunities for growth for your company.

- **Infrastructure Connectivity**

In line with the vision of integrated port development, your company has taken equity stake in Kutch Railway Company Ltd. (KRCL), a special purpose vehicle company promoted for gauge conversion (Gandhidham-Palanpur). The project would result in strengthening the Mundra Port's rail connectivity to the North India.

- **Development of SEZ:**

Your company is the co-developer for the Mundra SEZ (MSEZ) Project coming up in vicinity of the port. MSEZ project has been approved by the Ministry of Commerce, Government of India. With the development of world class infrastructure in the SEZ, number of industrial / residential/commercial units would develop which would result in growth of cargo for the port.

#### **FIXED DEPOSITS:**

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

#### **DIRECTORS:**

During the year under review, Shri Sanjay Gupta was appointed as an Additional Director of your Company. Shri Ameet H. Desai has been appointed as Executive Director of your Company. Pursuant to Section 260 of Companies Act, 1956 both these Directors hold office upto the date of ensuing Annual General Meeting and being eligible offer themselves for appointment. Board welcomes them and looks forward to their valued contribution in meeting the long-term objectives of your company.

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

Shri H. K. Dash, IAS, Director has been appointed as Chairman of your Company since Shri V.K.Babbar, IAS has ceased to be Director and Chairman.

Dr. Malay Mahadevia who was appointed during the year and Shri Shailesh Haribhakti resigned from the Board of Directors of the Company. The Board places on record its appreciation for the services rendered by them as Directors.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors confirm that in the preparation of the accounts for the period ended March 31, 2005:

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 your 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:**

Mundra Port - is reiterating and striving on the philosophy of family culture. The young and vibrant work force are constantly & collectively putting efforts to achieve the goal alongwith their career development form the real assets of the organization.

To improve the existing standard of the employees and to make them capable for shouldering higher responsibilities and challenges various training programmes are carried out.

Shantivan Colony is now established with various facilities available to the employees. More construction activities are on to cater to the accommodation requirements. With the changing times, the pattern & facilities in the accommodation provided is also being changed. This will provide more comfort level to the employees and their family members. 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 with zeal to be the best, but many milestones in the form of enhancing facilities / training will enable us to achieve higher standards/excellence.

**AUDITORS:**

The observations made in the Auditors' Report, if any, are self - explanatory and, therefore, do not call for any further comments under Section 217 of the Companies Act, 1956. M/s G. K. Choksi & Co., Chartered Accountants, Ahmedabad, the Statutory Auditors, will retire at ensuing Annual General Meeting, and are eligible for reappointment.

**ACKNOWLEDGEMENT:**

In consonance with established maxim that the company is only as good as its people, your company has put together a team of highly qualified and experienced professionals.

The success achieved by your Company and the progress made by it are due to all concerned with its affairs, including the Government of India, Government of Gujarat, Gujarat Maritime Board, Financial Institutions, Banks, Shareholders, Directors, Executives, Officers and other employees of your Company. The management expresses gratitude to all for their co-operation especially to the employees for their dedicated services without which the good results would not have been possible.

**For & on Behalf of the Board of Directors**

**Place: Ahmedabad**  
**Date : 03-09-2005**

**H. K. Dash, 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 have been taken:

- i) Lighting load connected to 500 KVA stabilizer at CTF area
  - Lighting Towers for Cargo complex connected into 500 KVA Stabilizer installed at Chemical tank farm. Annual Saving is Rs. 1.44 lacs.
  - Lighting Towers for Coal yard near Main gate connected in 500 KVA stabilizer .Annual saving is Rs. 1.35 lacs.
  - Lighting of OSY Towers, CTF area and Godowns (CG-11, 12&13) connected in to stabilizer. Annual savings are Rs. 2.79 lacs.
- ii) Installed electronic ballast for Tube lights in Admin, CG-7 and CTF offices. Annual savings is Rs. 1.62 lacs.

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

Energy Audit was conducted by Shiralee Electricals and as per report, following were energy saving measures to be taken

- Saving can be done with stabilized voltage for lighting purpose. For implementation of above, new stabilizer of 250 KVA stabilizer will be installed at SS-2 Area. The annual saving will be of Rs. 2.7 Lacs. Project will be completed within one month after receipt of material. Stabilizer in other area such as jetty, dry cargo open plots and CTF area has been provided.
- As per audit report, saving can be done in Air conditioner unit by installing motion sensors. We will procure 3 number of motion sensors for trial purpose.

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

It has resulted into savings in monetary terms as mentioned in (a) & (b) above.

(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 for import/transfer of technology. However, the Company has installed latest available technology to handle the port operations efficiently.

- a) Installed improved wheat Cleaning machines .
- b) Installed upgraded bagging and stitching machines.
- c) Installed mechanized system for loading/unloading of scrap.

#### Developments after 31st March, 2005

Installed 2 Gottwald cranes

Constructed mechanized godowns

Installed a motion weighbridge for rake movement

#### C. FOREIGN EXCHANGE EARNING AND OUTGO

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

Foreign Exchange Earnings	:	NIL
Foreign Exchange Outgo	:	Rs. 6,58,67,869/-



## 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, 2005 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 Companies (Auditor's Report) Order, 2003 issued by the 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; we wish to draw particular reference to Note 4 explaining why the Company does not consider it necessary to make a separate provision for the premium payable on redemption of Redeemable Preference Shares.
  - (e) on the basis of written representations received from the directors of the Company as on 31st March, 2005 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 2005;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For G. K. CHOKSI & CO.**  
**Chartered Accountants**

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

**Membership No. 12108**

**Place: Ahmedabad**

**Date : 03-09-2005**



### 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 not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956;
- (b) As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system 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 and for services. 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 particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register maintained under that Section;
- (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 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, 2005 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, 2005.



- x) The Company does not have any accumulated losses as at 31st March, 2005 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) As per the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks or debentureholders during the year.
- 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 used any funds, raised on short term basis, for long term investment.
- xviii) The Company has not made any preferential allotment to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year under review.
- xx) The Company has not raised any money by public issue during the year 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 year under review.

**For G. K. CHOKSI & CO.**  
**Chartered Accountants**

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

**Place: Ahmedabad**  
**Date : 03-09-2005**



## BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	As at 31st March, 2005		As at 31st March, 2004
		Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	A	1,428,090,370		1,428,110,370
Equity Share Capital Suspense Account	AA	402,164,100		-
Reserves and Surplus	B	3,893,965,610		3,254,845,837
			5,724,220,080	4,682,956,207
Amounts Received under Long Term Infrastructure Usage Agreements (See Note 3)			4,586,833,419	4,552,843,474
<b>Loan Funds</b>				
Secured Loans	C	5,898,502,875		2,841,960,511
Unsecured Loans		345,297,200		-
			6,243,800,075	2,841,960,511
Deferred Tax Liability (See Note 11)			215,186,475	-
<b>Total</b>			<b>16,770,040,049</b>	<b>12,077,760,192</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	D	12,211,863,594		7,282,192,058
Less : Depreciation		948,885,394		339,762,922
Net Block		11,262,978,200		6,942,429,136
Capital Work- in- Progress		4,371,466,820		1,965,442,222
			15,634,445,020	8,907,871,358
Investments	E		320,322,045	2,060,554,960
<b>Current Assets, Loans and Advances</b>				
Inventories	F	30,538,458		1,551,093
Sundry Debtors		426,830,893		24,735,312
Cash and Bank Balances		305,755,521		41,644,442
Loans and Advances		691,340,704		1,741,880,677
		1,454,465,576		1,809,811,524
Less : Current Liabilities and Provisions	G	752,912,385		833,853,286
<b>Net Current Assets</b>			701,553,191	975,958,238
Miscellaneous Expenditure (to the extent not written off or adjusted)(See Note 9)			113,719,793	133,375,636
<b>Total</b>			<b>16,770,040,049</b>	<b>12,077,760,192</b>
Significant Accounting Policies	L			
Notes forming part of the Accounts	M			

As per attached report of even date

For G. K. CHOKSI & CO.  
Chartered Accountants

V. C. Shah  
Partner

Dipti Shah  
Company Secretary

For and on behalf of the Board

H. K. Dash

Chairman

Gautam S. Adani

Managing Director

Rajesh S. Adani

Director

Ameet H. Desai

Executive Director



## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2005

	Schedule	For the year ended 31st March, 2005 Rs.	For the year ended 31st March, 2004 Rs.
<b>INCOME</b>			
Income from Operations		2,640,849,889	1,056,483,797
Other Income	H	108,548,740	53,953,460
		<b>2,749,398,629</b>	<b>1,110,437,257</b>
<b>EXPENDITURE</b>			
Operating Expenses	I	697,509,791	238,731,117
Administrative and General Expenses	J	324,461,007	160,280,774
Interest and Finance Charges	K	335,858,721	450,941,168
Depreciation	D	481,036,023	241,886,273
		<b>1,838,865,542</b>	<b>1,091,839,332</b>
Profit Before Tax and Prior Period Adjustments		910,533,087	18,597,925
Prior Period Adjustments (Net)		5,843,423	(15,741,247)
Profit before Tax		904,689,664	34,339,172
Provision For Tax			
- Current Tax		70,912,600	6,923,208
- Deferred Tax		215,186,475	-
- Wealth Tax		55,000	-
Profit after Tax		618,535,589	27,415,964
Add: Balance brought forward from Previous Year		51,919,207	12,003,243
Amount transferred on Amalgamation of Adani Port Ltd., being Profit after Tax for the year ended 31-03-2004		10,837,355	-
Amount available for appropriation		681,292,152	39,419,207
Transfer (to) / from Debenture Redemption Reserve		(9,750,000)	12,500,000
Transfer (to) / from Capital Redemption Reserve		(1,405,520)	-
Proposed Dividend on Preference Shares		(2,811)	-
Tax on Dividend		(361)	-
<b>Balance Carried to Balance Sheet</b>		<b>670,133,460</b>	<b>51,919,207</b>
Basic and Diluted Earnings per Share (See Note 12)		3.43	0.16 (annualised)
Significant Accounting Policies	L		
Notes forming part of the Accounts	M		

**As per attached report of even date**

**For G. K. CHOKSI & CO.**  
**Chartered Accountants**

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

**Dipti Shah**  
**Company Secretary**

**For and on behalf of the Board**

**H. K. Dash**

**Chairman**

**Gautam S. Adani**

**Managing Director**

**Rajesh S. Adani**

**Director**

**Ameet H. Desai**

**Executive Director**

**Place : Ahmedabad**

**Date : 03-09-2005**

**Place: Ahmedabad**

**Date : 03-09-2005**



## CASH FLOW STATMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	For the year ended 31st March, 2005 (Rs.)	For the year ended 31st March, 2004 (Rs.)
<b>A. Cash Flow from Operating Activities</b>		
Profit before Tax	904,689,664	34,339,172
Adjustments for :		
Depreciation	481,036,023	241,886,273
Miscellaneous Expenditure Written Off	19,655,843	17,915,714
Amortisation of amount received under Long Term Infrastructure Usages Agreement	(171,418,342)	(149,509,652)
Interest Expense	335,858,721	435,114,681
Interest Income	(16,729,668)	(46,270,796)
(Profit) / Loss on Sale of Fixed Assets	37,889	(3,552,098)
Operating Profit before Working Capital Changes	1,553,130,130	529,923,295
Adjustments for :		
Trade and Other Receivables	981,025,205	(1,565,576,117)
Inventories	(5,086,758)	(1,551,093)
Miscellaneous Expenditure	-	(147,839,469)
Unamortised balance of Amounts Received Under Long Term Infrastructure Usage Agreements	203,390,864	4,030,052,001
Current Liabilities	(641,049,098)	157,682,437
Cash Generated from Operations	2,091,410,343	3,002,691,054
Tax Payment	(63,477,627)	(317,908)
<b>Net Cash from Operating Activities</b>	2,027,932,716	3,002,373,146
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(766,766,455)	(835,278,790)
Capital Work-in-Progress	(2,325,326,250)	(1,686,828,597)
Purchase of Investments	(320,322,045)	(2,060,554,960)
Sale of Fixed Assets	3,657,639	1,291,415,995
Interest received	3,813,500	46,729,477
<b>Net Cash used in Investing Activities</b>	(3,404,943,612)	(3,244,516,875)
<b>C. Cash Flow from Financing Activities</b>		
(Repayment)/Procurement of Long Term Borrowings	1,879,852,063	(1,949,964,186)
Proceeds from issue of Share Capital	-	2,811,037,000
Interest Paid	(313,719,212)	(612,554,204)
<b>Net Cash Flow from Financing Activities</b>	1,566,132,851	248,518,610
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	189,121,956	6,374,881
Cash and Cash Equivalents at start of year	40,800,472	34,425,591
Add: Cash and Cash Equivalents of Adani Port Ltd. As at 01-04-2004 transferred on amalgamation	75,833,093	-
	116,633,565	34,425,591
Cash and Cash Equivalents at close of year	305,755,521	40,800,472

As per attached report of even date

For G. K. CHOKSI & CO.  
Chartered Accountants

V. C. Shah  
Partner

Dipti Shah  
Company Secretary

For and on behalf of the Board

H. K. Dash

Chairman

Gautam S. Adani

Managing Director

Rajesh S. Adani

Director

Ameet H. Desai

Executive Director



## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE - 'A' : SHARE CAPITAL</b>		
<b>Authorised</b>		
20,50,00,000 (Previous Year 20,50,00,000) Equity Shares of Rs.10 each	2,050,000,000	2,050,000,000
50,00,000 (Previous Year 50,00,000) Non Cumulative Redeemable Preference Shares of Rs.10 each	50,000,000	50,000,000
	2,100,000,000	2,100,000,000
<b>Issued, Subscribed and Paid - up</b>		
<b>Equity Share Capital</b>		
13,99,98,000 Equity Shares of Rs.10 each fully Paid up (Previous Year 14,00,00,000 Equity Shares) (See Note 2)	1,399,980,000	1,400,000,000
Of the above, 7,71,21,675 Shares (previous year 7,71,21,675 Shares) are held by Adani Infrastructure Services Ltd., which has since ceased to be the Holding Company upon issue of 4,02,16,410 Equity Shares of the company to the Shareholders of Adani Port Ltd. as per the Scheme of Amalgamation (See Note. 2)		
<b>Preference Share Capital</b>		
28,11,037 0.01% Non-Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up (Redeemable at premium of Rs. 990 per Share, on 28/03/2024) ( Previous Year 28,11,037)	28,110,370	28,110,370
	1,428,090,370	1,428,110,370
<b>SCHEDULE - 'AA' : EQUITY SHARE CAPITAL SUSPENSE ACCOUNT</b>		
4,02,16,410 Equity Shares of Rs. 10 each to be issued as fully paid-up to the Shareholders of Adani Port Ltd., as per the Scheme of Amalgamation (See Note 2)	402,164,100	-
<b>SCHEDULE - 'B' : RESERVES AND SURPLUS</b>		
Share Premium	3,202,926,630	3,202,926,630
Capital Redemption Reserve	-	-
Balance as per last Account	1,405,520	-
Add : Transferred from Profit and Loss Account	1,405,520	-
General Reserve	-	-
Balance as per last Account	9,750,000	-
Add : Transferred from Debenture Redemption Reserve	9,750,000	-
Debenture Redemption Reserve	-	12,500,000
Balance as per last Account	9,750,000	-
Add: Transferred on Amalgamation	9,750,000	-
Add: Transferred from Profit and Loss Account	9,750,000	-
Less: Transferred to General Reserve	9,750,000	12,500,000
	670,133,460	51,919,207
Balance in Profit and Loss Account	3,893,965,610	3,254,845,837



	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE - 'C' : LOAN FUNDS</b>		
<b>Secured Loans</b>		
39,00,000 (Previous year – Nil) 15% Non-Convertible Redeemable Debentures of Rs.100 each (Redeemable at par in 40 equal quarterly installments commencing from August, 2002) (Transferred on Amalgamation of Adani Port Ltd.)	282,750,000	-
<b>Term Loans from Banks</b>		
Rupee Loans	2,680,076,680	2,376,993,781
Foreign Currency Loans	312,736,900	-
Suppliers and Contractors Bills accepted under letters of credit issued against Secured Term Loans sanctioned by Banks	1,388,541,723	-
	<b>4,381,355,303</b>	<b>2,376,993,781</b>
<b>Term Loans from Financial Institutions</b>		
Rupee Loans	24 00 00 000	-
Foreign Currency Loans	76 19 48 437	171,750,237
	<b>1,001,948,437</b>	<b>171,750,237</b>
Deferred Payment Credits from the Suppliers of Tugs, secured by hypothecation of the Tugs	232,449,135	293,216,493
	<b>5,898,502,875</b>	<b>2,841,960,511</b>
<b>Unsecured Loans</b>		
<b>Term Loans from Banks</b>	<b>345,297,200</b>	<b>-</b>
	<b>6,243,800,075</b>	<b>2,841,960,511</b>

**Notes:**

1. Secured Term Loans from Banks include:

Term Loan from ICICI Bank Ltd. (Rs.1,44,68,02,353 Previous Year - Rs. 4,12,75,000) 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 Loans referred to at Note 3 below.

Term Loan (Rs. 27,26,32,719 Previous Year - Rs. Nil) from State Bank of India for the purchase of a Tug, secured by an exclusive charge on the Tug

Vehicle Loans from ICICI Bank Ltd., (Rs. 23,37,271 Previous Year - Rs. Nil) secured by exclusive charges on the respective Vehicles

2. Term Loans from Financial Institutions include a Term Loan of Rs.12,00,00,000 (Previous Year Rs. Nil) from Housing Development and Finance Corporation Ltd. which is secured by an exclusive charge on the Residential Housing Colony at Nanakapaya, Kutch.

3. Debentures and Secured Term Loans from Banks and Financial Institutions 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 and other assets over which exclusive charges have been provided as aforesaid), both present and future, subject to prior charges of Banks on specified movables which may be created in their favour by way of security for working capital facilities, and further, by a second charge on the immovable assets pertaining to the SPM Project referred to above.



# **SCHEDULE - 'D' : FIXED ASSETS**

Particulars	Gross Block (At Cost)				Depreciation			Net Block	
	As at 01-04-2004	Transferred on Amalgamation of Adani Port Ltd.	Additions	Deductions	As at 31-03-2005	Up to 31-03-2004 (Transferred on Amalgamation of Adani Port Ltd.)	For the Year Deductions	Up to 31-03-2005	As at 31-03-2005 As at 31-03-2004
<b>INTANGIBLE ASSETS</b>									
Goodwill (See Note 2)	-	785,949,086	-	-	785,949,086	-	56,139,220	56,139,220	729,809,865
Leasehold Land	-	-	-	-	-	-	-	-	-
Development	-	-	457,644,890	-	457,644,890	-	3,400,392	3,400,392	454,244,498
Software	1 12 14 130	1 11 94 417	15 50 314	-	23,958,861	17 46 915	8899026	12,280,563	11,678,298
<b>TANGIBLE ASSETS</b>									
Freehold Land	110,232,468	332,970,996	8,049,733	722,200	450,530,996	-	-	-	450,530,996
Buildings	1,227,371,481	634,356,411	13,769,103	-	1,875,496,995	26,905,115	31,186,640	68,685,889	1,806,811,106
Marine Structures	2,034,894,727	-	630,104	-	2,035,524,831	169,343,762	67,761,994	237,105,757	1,798,419,074
Dredged Channels	1,929,094,658	-	-	1,888,742	1,927,205,916	20,795,197	71,105,293	91,900,490	1,835,305,426
Tugs	464,809,788	-	239,919,302	18,628,475	686,100,615	21,360,141	42,205,925	63,566,067	622,534,549
Railway Tracks	1,241,560,113	-	5,222,252	-	1,246,782,365	80,651,548	59,562,646	140,214,194	1,106,568,171
Plant and Machinery	257,298,070	2,325,076,979	39,554,435	-	2,621,929,484	18,386,158	132,553,032	258,460,602	2,363,468,882
Office Equipment	1,823,947	57,727,690	16,474,100	-	76,025,737	201,308	5,278,471	12,896,466	63,129,271
Vehicles	3,892,677	22,717,411	3,087,687	4,983,958	24,713,817	372,776	2,943,381	4,235,754	20,478,063
	7,282,192,059	4,169,992,990	785,901,920	26,223,375	12,211,863,593	339,762,922	481,036,023	948,885,394	11,262,978,199
Capital									
Work-in-Progress									4,371,466,820
<b>TOTAL</b>	<b>7,282,192,059</b>	<b>4,169,992,990</b>	<b>785,901,920</b>	<b>26,223,375</b>	<b>12,211,863,593</b>	<b>339,762,922</b>	<b>481,036,023</b>	<b>948,885,394</b>	<b>15,634,445,019</b>
Previous Year	4,516,390,266	-	2,798,564,347	32,762,555	7,282,192,058	97,876,649	241,886,272	339,762,921	6,942,429,136

1. Additions during the Year and Capital Work- in- Progress include Rs 5,85,00,219 on account of borrowing cost. (Previous Year Rs. 33,15,40,267)
2. Capital Work- in- Progress includes advances Rs. 46,23,51,553. (Previous Year Rs. 70,47,78,069)
3. Depreciation for the Year includes Rs. 1,58,07,460 for the year ended 31-03-2004 on account of depreciation in respect of the excess of the fair value of the fixed assets transferred on amalgamation over their values as per the books of accounts of Adani Ports Ltd.



	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE - 'E' : INVESTMENTS</b>		
<b>Long Term Investments (Trade, Unquoted) (At cost)</b>		
Nil (Previous Year - 2,57,56,937) Equity Shares of Rs. 10 each fully paid up of Adani Port Ltd. (See Note 2)	-	2,060,554,960
24,750 (Previous Year - Nil) Equity Shares of Rs. 10 each fully paid up of Adani Logistics Ltd.	247,500	-
2,00,00,000 (Previous Year - Nil) Equity Shares of Rs. 10 each fully paid up of Kutch Railway Company Ltd.	200,000,000	-
12,00,000 (Previous Year - Nil) 6% Redeemable Cumulative Preference Shares of Rs 100 each fully paid up of Sealord Containers Ltd.	120,000,000	-
<b>Current Investments</b>		
HDFC Mutual fund		
5,538 units (Previous Year - Nil) of Cash Management Savings Plan Institutional Plan Growth Scheme	74,545	-
	<b>320,322,045</b>	<b>2,060,554,960</b>
<b>SCHEDULE - 'F' : CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Inventories</b>		
Stock of Consumables (At Cost) (As valued and certified by the Management)	30,538,458	1,551,093
<b>Sundry Debtors</b> (Unsecured, Considered Good)		
Outstanding for more than six months	9,481,948	13,329,340
Others	417,348,945	11,405,972
	<b>426,830,893</b>	<b>24,735,312</b>
<b>Cash and Bank Balances</b>		
Cash on Hand	639,202	68,024
Balances with Scheduled Banks in :		
Current Accounts	95,755,836	14,745,186
Term Deposit Accounts	209,360,483	26,831,232
	<b>305,116,319</b>	<b>41,576,418</b>
	<b>305,755,521</b>	<b>41,644,442</b>
<b>Loans and Advances</b> (Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received Includes Rs Nil (Previous Year Rs. 3,95,15,855) due from a company under the same Management	618,721,176	1,731,296,508
Advance Payment of Taxes	57,448,668	867,869
Deposits	15,170,860	9,716,300
	<b>691,340,704</b>	<b>1,741,880,677</b>
	<b>1,454,465,576</b>	<b>1,809,811,524</b>
<b>SCHEDULE - 'G' : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	265,485,185	458,079,315
Deposits from Customers / Contractors	153,973,164	18,045,279
Interest Accrued but not Due on Loans	29,268,889	7,129,380
Other Liabilities	229,265,702	343,676,104
	<b>677,992,940</b>	<b>826,930,078</b>
<b>Provisions</b>		
For Income Tax	70,938,980	6,923,208
For Wealth Tax	55,000	-
For Proposed Dividend on Preference Shares	2,811	-
Others	3,922,654	-
	<b>74,919,445</b>	<b>6,923,208</b>
	<b>752,912,385</b>	<b>833,853,286</b>



	For the year ended 31st March, 2005 Rs.	For the year ended 31st March, 2004 Rs.
<b><u>SCHEDULE - 'H' : OTHER INCOME</u></b>		
Interest (TDS Rs. 19,41,740, Previous Year Rs. 3,26,920)	16,729,668	46,270,796
Rent (TDS Rs. 39,987, Previous Year Rs. Nil)	5,243,336	11,900
Export Incentives	80,464,000	-
Insurance Claims Received	5,710,461	2,850,909
Profit on Sale of Investments	96,585	-
Profit on Sale of Container Wharf	-	3,552,098
Miscellaneous Income	304,690	1,267,758
	<b>108,548,740</b>	<b>53,953,460</b>
<b><u>SCHEDULE - 'I' : OPERATING EXPENSES</u></b>		
Royalty to Gujarat Maritime Board	50,690,058	36,772,157
Tug and Pilotage Charges	71,843,841	91,622,977
Other Marine Expenses	8,732,310	8,128,164
Railway Operating Expenses	74,410,877	55,714,260
Handling and Storage Expenses	364,321,722	-
Electricity	62,337,309	13,632,552
Payments to and Provisions for Employees	65,173,674	32,861,007
	<b>697,509,791</b>	<b>238,731,117</b>
<b><u>SCHEDULE - 'J' : ADMINISTRATIVE AND GENERAL EXPENSES</u></b>		
Rent	8,400,250	3,135,379
Rates and Taxes	15,227,248	1,138,541
Insurance	24,227,943	12,758,594
Advertisement and Publicity	9,840,171	9,520,098
Repairs to Buildings	20,607,793	4,458,743
Repairs to Plant & Machinery	50,489,479	17,505,702
Other Repairs	14,890,884	5,625,788
Maintenance Dredging	38,405,110	15,693,839
Fees and Legal Expenses	43,452,707	20,319,600
Travelling and Conveyance Expenses	18,842,286	21,617,683
Auditors' Remuneration	1,200,000	916,667
Inauguration Expenses	-	11,125,733
Other Expenses	42,110,674	18,548,692
Loss on Sale of Fixed Assets (Net)	37,889	-
Sundry Balances written off	17,072,730	-
Miscellaneous Expenditure written off (See Note 9)	19,655,843	17,915,714
	<b>324,461,007</b>	<b>160,280,774</b>
<b><u>SCHEDULE - 'K' : INTEREST AND FINANCE CHARGES</u></b>		
Interest on Debentures	45,197,569	61,832,018
Interest on other Fixed Loans	298,078,317	373,282,663
Bank and Other Finance Charges	7,961,767	15,826,487
Exchange Difference from Currency / Interest Swaps (See Note 5)	(24,974,662)	-
Loan Prepayment Premium	9,595,730	-
	<b>335,858,721</b>	<b>450,941,168</b>



**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. 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.

**4. 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.

**5. 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.

**6. Impairment of Assets**

An asset is treated as impaired when its carrying cost exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**7. 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.

**8. Intangible Assets and their Amortization**

Intangible assets are recognized as per the criteria specified in Accounting Standard 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India and are amortized as follows:

- |  |   |  |
|--|---|--|
| i) Goodwill arising on the amalgamation of Adani Port Ltd. | : | Over a period of 28 years (See Note 2) |
| ii) Cost of Development of Leasehold Land                  | : | Over the remaining period of the lease |
| iii) Cost of Software                                      | : | Over a period of 3 years               |

**9. 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 contracted before 1-4-2004 and, in the case of liabilities contracted on or after 1-4-2004, if the fixed assets were acquired from outside India, 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 contracted before 1-4-2004 and, in the case of liabilities contracted on or after 1-4-2004, if the fixed assets were acquired from outside India, which are adjusted to the cost of those assets, are recognized in the Profit and Loss Account for the year.

**10. Investments**

Long Term Investments are carried at cost less provision for permanent diminution in the value of such investments, if any. Current Investments are carried at the lower of cost and market value.



## 11. 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.

## 12. Retirement Benefits

- Contributions to Provident/Pension Funds are made and accounted for on actual liability basis;
- Liability for Gratuity/Superannuation is covered by Group Gratuity and Superannuation Schemes of the Life Insurance Corporation of India to which necessary contributions are made every year and charged to revenue;
- Provision for Leave Encashment Benefit payable on retirement is made on actuarial valuation basis.

## 13. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### SCHEDULE-'M' : NOTES FORMING PART OF THE ACCOUNTS

- The figures for the current year include figures of erstwhile Adani Port Ltd. which has been amalgamated with the Company with effect from 1st April, 2003. Further, the previous period figures are for the 15 month period from 1st January, 2003 to 31st March, 2004. For these reasons, the figures for the current year are not comparable with those of the previous period.

#### 2. Amalgamation of Adani Port Limited with the Company

- In terms of the Scheme of Amalgamation (Scheme) sanctioned by order dated 21st April, 2005 of the Hon'ble High Court of Gujarat, Adani Port Ltd. ("APL" - whose core business is development of port back up facilities and operating the multi-purpose terminal at the Mundra Port) has been amalgamated with the Company with effect from 1st April, 2003 (that being the appointed date as per the Scheme). Accordingly, the undertaking of APL with all its assets and liabilities has been transferred to and vested in the Company retrospectively with effect from 1st April, 2003. The Scheme has been given effect to in these accounts. The effective date of Amalgamation is 30th June, 2005.

- In accordance with the Scheme:

- all the assets, liabilities, rights and obligations of APL have vested in the Company with effect from 1st April, 2003 and have been recorded at their respective fair values under the Purchase Method Of Accounting for amalgamation prescribed by Accounting Standard 14 issued by the Institute of Chartered Accountants of India;
- 4,02,16,410 Equity Shares of Rs.10 each are to be issued as fully paid-up to the shareholders of APL, without payment being received in cash, and pending allotment, these have been shown under the head "Equity Share Capital Suspense Account";
- excess of the paid-up value of Equity Shares of the Company to be issued and allotted as aforesaid and the carrying amount of shares of APL held by the Company, over the fair value of net assets taken over by the Company, amounting to Rs. 78,59,49,086 has been accounted as Goodwill arising on amalgamation as under:

	Rs.
Fixed Assets	352,24,63,138
Net Current Assets	(23,18,90,245)
	<u>329,05,72,893</u>
Less : Loans	161,38,22,919
Net Assets transferred	<u>167,67,49,974</u>
Less:	
Consideration for amalgamation payable by the issue of 402,16,410 Equity Shares of Rs.10 each in the ratio of 95 Equity Shares of the Company for every 100 Equity Shares of APL	40,21,64,100
Cancellation of investment of the Company in the Equity Shares of APL	206,05,54,960
Cancellation of 2,000 Equity Shares of Rs.10 each of the Company held by APL	<u>(20,000)</u>
Goodwill	<u>78,59,49,086</u>



The Company believes that peculiarly, the synergistic value of the business arising out of the back up assets of the erstwhile Adani Port Ltd. amalgamated with it will be continuing on the same timescale as the availability of waterfront assets viz., the balance period of the Concession granted by Gujarat Maritime Board. The Company, therefore, believes that it would be justified in amortizing Goodwill arising on the amalgamation over the residual period of the Concession Agreement with the Gujarat Maritime Board, which is 28 years commencing from 1st April, 2003 (the appointed date of amalgamation), instead of 5 years prescribed in the Accounting Standard 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. The Company has, therefore, decided to amortize Goodwill over the said 28 year period. The Profit and Loss Account has, accordingly, been debited with Rs.5,61,39,220 on account of amortization of Goodwill in respect of the two year period from 1st April, 2003 to 31st March, 2005.

- (iv) since the amalgamation has been accounted in the current year ending on 31st March, 2005, the profit after tax of APL during the year beginning with 1st April, 2003 (the appointed date) and ending with 31st March, 2004 has also been incorporated in these accounts.

### 3. Amounts Received under Long Term Infrastructure Usage Agreements

The Company has entered into various long term agreements granting sub-lease out of its leasehold lands and/or rights to use infrastructure facilities for the period of the sub-leases which are generally co-terminus with the period of the Concession Agreement between the Company and Gujarat Maritime Board. The upfront amounts received by the Company in consideration of grant of the Sub-lease and rights to use its infrastructure facilities are recognized as revenue proportionately over the periods of the respective agreements. The aggregate of the unamortized balances of such amounts as at the end of the year amounting to Rs.458,68,33,419 (Previous year Rs.455,28,43,474) has been shown under "Amounts Received Under Long Term Infrastructure Usage Agreements" in the Balance Sheet.

### 4. Redemption Premium

Considering that the Share Premium Account includes Rs.278,29,26,630 on account of premium @ Rs.990 per share received on the issue of 28,11,037, 0.01% Non-Cumulative Redeemable Preference Shares of Rs. 10 each which are redeemable at a premium of Rs. 990 per share on 28-3-2024, the Company does not consider it necessary to make a separate provision (for Rs. 13,91,46,332 on pro-rata basis) for the premium payable on redemption of those shares which will be made out of the said amount lying in the Share Premium Account .

- 5. With a view mainly to saving interest cost on borrowed funds, the Company enters into certain derivative transactions involving foreign currency. Since these are considered as off-Balance Sheet transactions, their effect on revenue was recognized in the books of account in the year of settlement of the transactions. However, with the revised Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates" issued by the Institute of Chartered Accountants of India coming into effect this year, the exchange difference in respect of outstanding transactions, arising on the basis of the rates of exchange as at the end of the year, is recognized as income/expense, as the case may be, of the year.

- 6. The Government of India (GOI) has issued a Letter of Permission to Mundra Special Economic Zone Limited (MSEZL) to develop a Special Economic Zone (SEZ) at Mundra, Gujarat. Under an Agreement dated 22nd May, 2004 between MSEZL, the Company, Adani Port Ltd. (APL) (since amalgamated with the Company) and Adani Chemicals Ltd. (ACL), the Company, APL and ACL have agreed to be co-developers of the SEZ with MSEZL, the Developer. In terms of the said Agreement, the parties have agreed to develop the SEZ for whose development, the GOI has notified an area of 6,893.25 acres. In pursuance of the said Agreement, the Company has entered into a Sub-Lease and Possession Agreement dated 30th December, 2004 with MSEZL for the sub-lease of 1,738.37 acres of its leasehold land for the development of the SEZ. Pending receipt of regulatory approval from the concerned Regulatory Authorities, no consideration for the said sub-lease has accrued to the Company. The same will be accounted for as and when it accrues to the Company upon receipt of approval from the Regulatory Authorities and finalization of the terms in that behalf with MSEZL.

### 7. Debenture Redemption Reserve

In respect of Debentures of the aggregate paid up value of Rs.39,00,00,000 which had been privately placed by the erstwhile Adani Port Ltd. since amalgamated with the Company, Debenture Redemption Reserve of Rs.97,50,000 has been created this year @25% of Rs.3,90,00,000 falling due in the following year ended 31st March, 2006. This is in accordance with Circular No.9/2002 dated 18-4-2002 issued by the Department of Company Affairs. Debenture Redemption Reserve of Rs. 97,50,000 created in the previous year by the erstwhile Adani Port Ltd. has been transferred to General Reserve upon redemption of Rs. 3,90,00,000 made during the current year.



**8. Contingent Liabilities and Commitments on Capital Account**

Particulars	As at 31-03-2005 Rs.	As at 31-03-2004 Rs.
Guarantees	17,39,37,576	1,54,866,000
Bonds (to Customs Department)	138,45,74,893	-
Estimated amount of Unexecuted Capital Contracts (Net of Advances)	10,69,406,000	16,77,690,000

**9. Miscellaneous Expenditure shown in the Balance Sheet is made up of the following expenditure which was incurred during accounting periods prior to the coming into effect of the Accounting Standard - 26 "Intangible Assets" issued by The Institute of Chartered Accounts of India:**

- (a) Rs. 1,37,52,420 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. 1,87,53,300)
- (b) Rs. 9,85,80,561 on account of pre-payment premium on premature redemption of Debentures and on premature repayment of Term Loan 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. 11,23,10,983)
- (c) Rs. 13,86,812 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. 23,11,353)

**10. 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" issued by the Institute of Chartered Accountants of India.**
**11. Deferred Tax Asset / (Liability) comprises timing differences on account of:**

Particulars	Current Year Rs.	Previous Year Rs.
Depreciation (Net)	(60,26,00,372)	-
Unabsorbed Depreciation	38,54,15,172	-
Deferred Revenue Expenditure	(20,45,127)	-
Others	40,43,852	-
	(21,51,86,475)	-

**12. Earnings per Share**

Particulars	Current Year Rs.	Previous Year (15 Months) Rs.
Net Profit for the year	61,85,35,589	2,74,15,964
Number of Equity Shares #	18,02,14,410	14,00,00,000
Nominal Value of the Shares	10	10
Earning per Share (Basic and Diluted) (Rs.)	3.43	0.16 (annualized)

# Includes 4,02,16,410 Equity Shares pending to be issued to shareholders of erstwhile Adani Port Limited on amalgamation.



**13. Related Party Disclosures**

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

Key Management Personnel and their Relatives :

- Mr. Gautam S. Adani
- Mr. Rajesh S. Adani
- Mr. Sanjay Gupta
- Mr. Malay Mahadevia

Associates / Holding Company :

- Adani Infrastructure Services Ltd. (Holding Company)
- Adani Agro Private Limited
- Adani Exports Limited
- Adani Wilmar Limited
- Adani Logistics Limited
- SBA Trust
- Accurate Finstock Pvt Limited
- Gujarat Adani Energy Limited
- Adani Port Infrastructure Limited
- B2C India Limited
- Mundra Special Economic Zone Limited
- Gujarat Adani Infrastructure Private Limited
- Adani Chemical Limited
- Adani Properties Private Limited

(b) Transactions with related parties

	<u>Current Year</u>	<u>Previous Year</u>
(i) Rendering of Port Services		
- Associates	60,15,76,779	14,35,68,092
(ii) Purchase of Goods		
- Associates	30,94,820	98,73,695
(iii) Share of Common Personnel, Administrative & Other Expenses vis-à-vis Associates:		
- Incurred by Associates	74,97,032	2,07,35,112
- Incurred by the Company	1,74,05,482	-
(iv) (a) Purchase of Investments from Associates	-	206,05,54,960
(b) Subscription for Shares of Associates	10,02,47,500	-
(v) Funds Given/ (Received)		
- Associates / Holding Company		
- Project Advances (Net of Repayment)	(114,50,20,338)	169,32,06,344
- Advances against Services	(6,06,50,884)	-
- Expense Reimbursement (Net)	7,20,576	-
(vi) Sitting Fees		
- Key Management Persons	7,000	4,750
(vii) Rent		
- Associates		
- Received	25,33,695	-
- Paid	24,77,725	-



	Current Year	Previous Year
(viii) Sale of Assets		
- Associates	15,085	-
(ix) Donations		
- Trust	6,00,000	-
(x) Interest		
- Associates		
- Received	9,74,306	-
- Paid	7,91,781	-
(vii) Outstanding balances as at the end of the year.		
- Associates / Holding Company		
- Debit	4,39,05,995	1,45,72,43,745
- Credit	11,81,79,839	1,79,51,336

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

14 Auditors' Remuneration is made up of

Particulars	Current Year Rs.	Previous Year Rs.
Audit Fees	11,00,000	7,50,000
Tax Audit Fees (Including Rs. Nil Capitalised Previous Year Rs. 33,333)	1,00,000	2,00,000

15. 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.

16. 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:	Current Year Rs.	Previous Year Rs.
- Traveling Expenses	30,01,499	30,199
- Interest	6,28,66,370	1,34,80,000

17. In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realization 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.

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

19. Previous year figures have been regrouped wherever necessary.

**As per attached report of even date**

**For G. K. CHOKSI & CO.**  
**Chartered Accountants**

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

**Dipti Shah**  
**Company Secretary**

**For and on behalf of the Board**

**H. K. Dash**

**Chairman**

**Gautam S. Adani**

**Managing Director**

**Rajesh S. Adani**

**Director**

**Ameet H. Desai**

**Executive Director**

**Place : Ahmedabad**  
**Date : 03-09-2005**

**Place: Ahmedabad**  
**Date : 03-09-2005**



## **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

**I. Registration Details :**

Registration No.	034182	State Code	04
Balance Sheet Date	31st March 2005		

**II. Capital Raised during the year (Rs.) :**

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

**III. Position of Mobilization and Deployment of funds (Rs.) :**

Total Liabilities	1677,00,40,049	Total Assets	1677,00,40,049
<b>Sources of funds</b>		<b>Application of Funds</b>	
Paid-up Capital	142,80,90,370	Net Fixed Assets	1563,44,45,020
Share Capital Suspense	40,21,64,100	Investments	32,03,22,045
Reserves and Surplus	389,39,65,610	Net Current Assets	70,15,53,191
Amounts Received under Long Term Infrastructure Usage Agreement	458,68,33,419	Miscellaneous Expenditure	11,37,19,793
Secured Loans	589,85,02,875		
Unsecured Loans	34,52,97,200		
Deferred Tax Liability	21,51,86,475		

**IV. Performance of the Company (Rs.) :**

Turnover and Other Income	274,93,98,629	Total Expenditure	184,47,08,965
Profit before tax	90,46,89,664	Profit after tax	61,85,35,589
Earning per share	3.43	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

**Dipti Shah**  
*Company Secretary*

**For and on behalf of the Board**

<b>H. K. Dash</b>	<i>Chairman</i>
<b>Gautam S. Adani</b>	<i>Managing Director</i>
<b>Rajesh S. Adani</b>	<i>Director</i>
<b>Ameet H. Desai</b>	<i>Executive Director</i>

**Place: Ahmedabad**  
**Date : 03-09-2005**