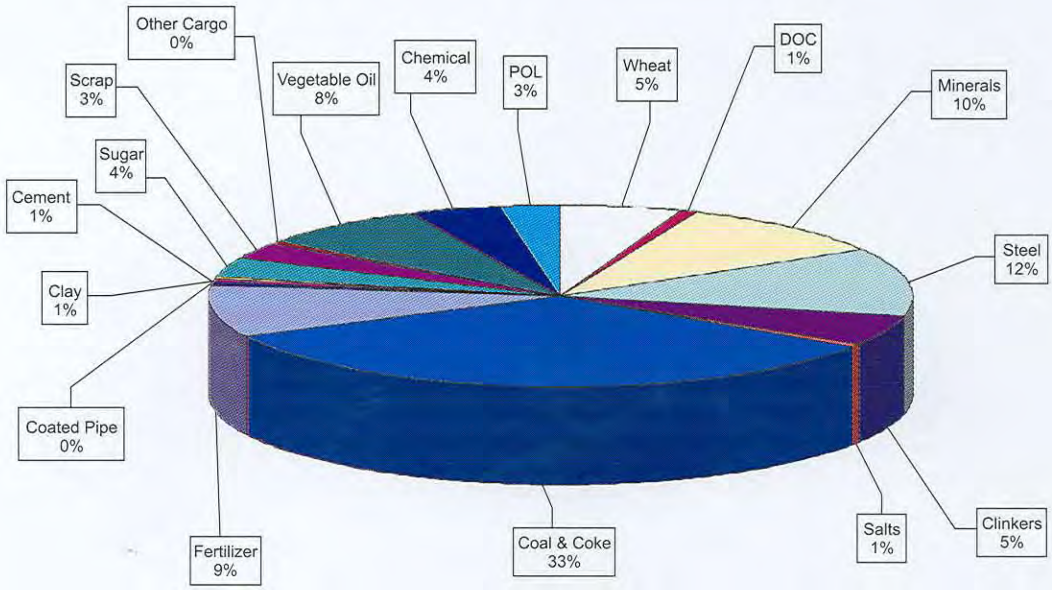
GUJARAT ADANI PORT LTD.

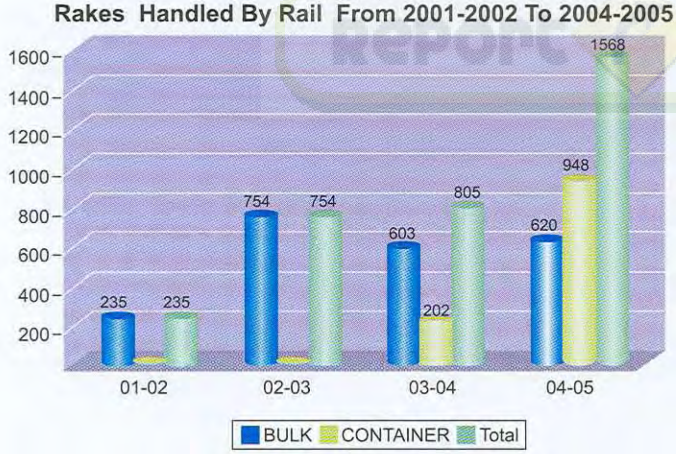
6th ANNUAL REPORT 2004-2005

ADANI GROUP

CARGO MIX FOR 2004-2005

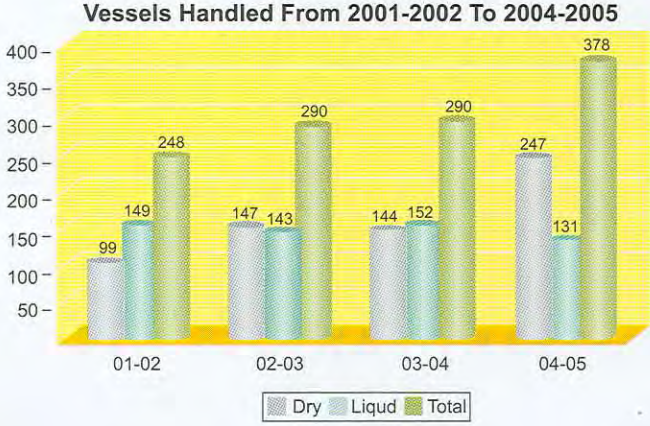


Mundra Port
Rakes Handled By Rail From 2001-2002 To 2004-2005



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
Andhra Bank
Bank of India
Canara Bank
HDFC Bank
ICICI Bank Ltd.
Oriental Bank of Commerce
State Bank of India
State Bank of Saurashtra
State Bank of Travancore
Syndicate Bank
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 convertion (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