

The high-water
mark in Port
Cargo handling!



Adani Ports and Special
Economic Zone Limited



Resources



Logistics



Energy

adaniTM

Forward Looking Statement

This annual Report contains forward looking information to enable investors to comprehend company's prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties, and even less than accurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We under take no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

13TH ANNUAL REPORT 2011 – 2012

Company Information

Board of Directors

Mr. Gautam S. Adani, Chairman & Managing Director
 Mr. Rajesh S. Adani
 Dr. Malay Mahadevia, Whole Time Director
 Mr. Rajeeva Ranjan Sinha, Whole Time Director
 Mr. K. N. Venkatasubramanian (upto June 26, 2012)
 Mr. S. Venkiteswaran (upto June 30, 2012)
 Mr. Arun Duggal
 Mr. D. T. Joseph, IAS (Retd.)
 Mr. Pankaj Kumar, IAS
 Dr. Ravindra Dholakia (upto May 19, 2012)
 Prof. G. Raghuram

Company Secretary

Ms. Dipti Shah

Auditors

M/s. S. R. Batliboi & Associates
 Chartered Accountants,
 Ahmedabad

Registered Office

"Adani House"
 Nr. Mithakhali Six Roads,
 Navrangpura, Ahmedabad – 380 009.

Bankers and Financial Institutions

Axis Bank Ltd.
 Citi Bank
 DEG-Deutsche Investitions-Und Entwicklungsgesellschaft MBH
 Dena Bank
 DZ Bank
 HDFC Bank Ltd.
 HSH Nord Bank AG
 Hypo Und Vereins Bank AG
 ICICI Bank Ltd.
 IndusInd Bank Ltd.
 ING Vysya Bank Ltd.
 Japan Bank of International Cooperation
 Kotak Mahindra Bank Ltd.
 State Bank of India
 Standard Chartered Bank
 The Bank of Tokyo - Mitsubishi UFJ, Ltd.
 UCO Bank
 Yes Bank Ltd.

Registrar and Transfer Agent

M/s Link Intime India Private Ltd.
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhandup (W),
 Mumbai - 400 078.
 Phone: +91-022-2594 6970, Fax: +91-022-2594 6969

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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants.

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the Thirteenth Annual Report of your Company together with the Audited Accounts for the financial year ended March 31, 2012.

Financial Results:

Your Company's standalone operating performance for the financial year ended March 31, 2012 as compared to the previous financial year ended March 31, 2011 is summarized herein below:

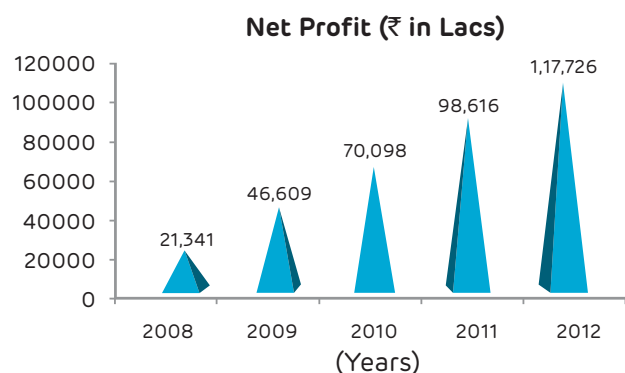
Particulars	(₹ in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Income from operations	2,48,190.28	1,88,507.22
Other Income	4,269.93	12,022.86
Total Income	2,52,460.21	2,00,530.08
Operating & Administrative Expenses	77,000.13	57,507.95
Operating Profit before Interest, Depreciation and Tax	1,75,460.08	1,43,022.13
Interest and Financial Charges	21,151.71	14,547.89
Depreciation / Amortization	27,350.28	20,786.25
Profit Before Tax and Prior Period Adjustment	1,26,958.09	1,07,687.99
Provision for tax (including deferred tax)	9,232.14	9,071.99
Profit after tax	1,17,725.95	98,616.00
Surplus brought forward from previous year	1,49,097.73	89,415.11
Balance available for appropriation	2,66,823.68	1,88,031.11
Appropriations:		
Interim Dividend on Equity Shares (Previous year's amount includes Interim Dividend ₹8,013.58 lacs declared on April 28, 2011)	6,010.21	18,031.95
Tax on Interim Dividend (including surcharge)	975.02	-
Dividend on Preference Shares	0.03	0.03
Tax on Dividend on Preference Shares (including surcharge)	*-	-
Proposed Final Dividend on Equity Shares (previous year amount represents rounding off effect of earlier year)	14,023.76	1.52
Tax on Final Dividend (including surcharge)	2,275.00	-
Transfer to Capital Redemption Reserve	14.06	14.06
Transfer to General Reserve	11,772.60	9,861.60
Transfer to Debenture Redemption Reserve	4,699.20	11,024.22
Balance carried to Balance Sheet	2,27,053.80	1,49,097.73

* Figures being nullified on conversion to ₹ in lacs.

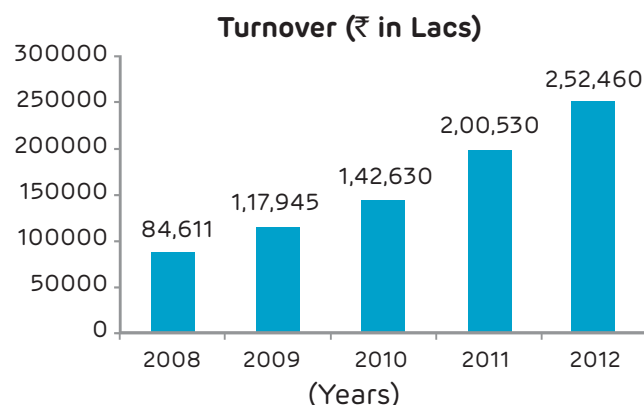
Operational Highlights:

Your Company has maintained its excellent pace of growth reflected by the significant rise in Turnover, Net Profit, EBIDTA and Cargo volume. It has shown consistent growth in market position making it today the 4th largest commercial port in India.

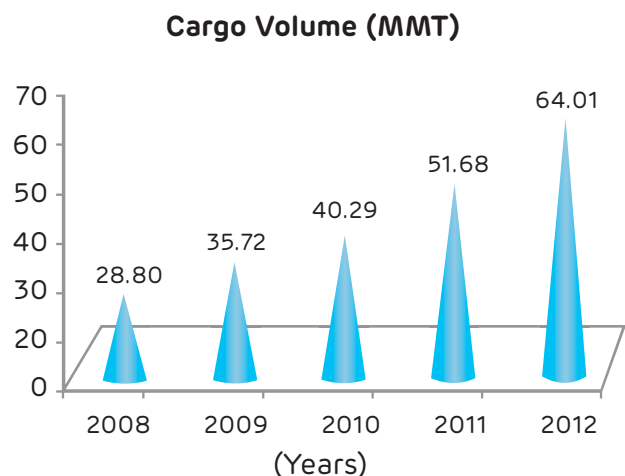
The key aspects of your Company's performance during the financial year 2011-12 are as follows:



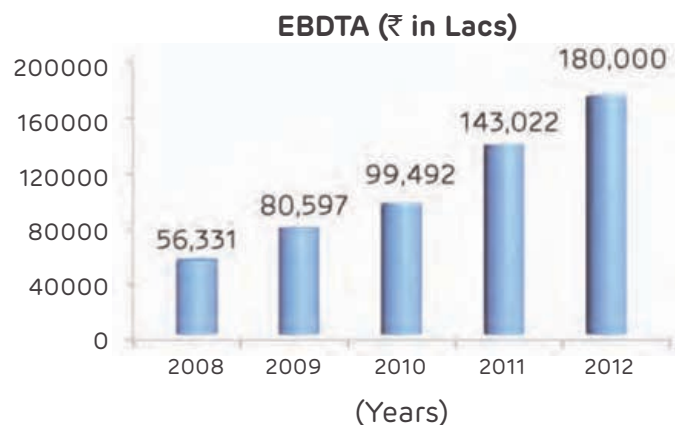
Net Profit for the FY 2011-12 stood at ₹ 1,17,725.95 Lacs as compared to ₹ 98,616.00 Lacs in FY 2010-11 registering growth of 19.38%



Turnover increased by 25.90% from ₹ 200,530.08 Lacs in 2010-11 to ₹ 2,52,460.21 Lacs in 2011-12



Cargo Volume increased by 23.86% from 51.68 million tonnes in FY 2010-11 to 64.01 million tonnes in FY 2011-12.



The EBIDTA for the FY 2011-12 stood at ₹ 1,80,000.00 Lacs as compared to ₹ 1,43,022.13 Lacs in FY 2010-11 registering growth of 25.85%

The detailed Operational Performance of the Company has been comprehensively discussed in the Management Discussion and Analysis Report which forms part of Directors' Report.

Dividend:

Having due regard to the profit of the year and on careful review of the Company's ways and means position, the Directors had declared and paid interim dividend of ₹ 0.30 (15%) per share during the year under review. The Board of Directors are pleased to recommend a final dividend of ₹ 0.70 per share (35%) making aggregate dividend of ₹ 1 per share (50%) on 2,00,33,94,100 equity shares of ₹ 2 each and Dividend on 0.01% Non Cumulative Redeemable Preference Shares of ₹ 10 each for the financial year 2011-12. The total outgo on account of dividend would be ₹ 20,033.97 Lacs.

Re-financing:

Your company has successfully refinanced the one year bridge facility for acquiring Abbot Point Coal Terminal, Queensland, Australia. The bridge loan has been replaced with a non recourse asset based funding of AUD 1,250 million with a tenor of five years and USD 800 million recourse loan having a tenor of seven years. With this the company has successfully completed the long term financial tie up of the Australian asset.

Redemption of Debentures:

During the year under review, 4,250 Secured Redeemable Non Convertible Debentures (NCDs) of face value of ₹ 10 Lacs each aggregating to ₹ 42,500 Lacs issued on Private Placement basis to Financial Institutions were redeemed.

Change of Name:

Your Directors have pleasure to inform that in pursuance of the resolution passed at the Extraordinary General Meeting of the Company held on December 31, 2011, the Registrar of Companies, Gujarat has issued fresh Certificate of Incorporation on change of name and accordingly w.e.f January 6, 2012 the name of your Company stands changed from 'Mundra Port and Special Economic Zone Limited' to 'Adani Ports and Special Economic Zone Limited' (APSEZL).

This change has been necessitated due to change in the profile of our business as well as the ownership. Your Company being subsidiary of Adani Enterprises Limited, the name Adani Ports and Special Economic Zone Limited gives singular identity of Adani Brand.

New Corporate Identity:

During the year under review, new logo **adani™** of the Adani Group was launched.

The brand mark is the signature of our brand identity.

Our logo is more international, more flexible, and more vibrant! It reflects our ambition and ability to absorb various colours of cultures and nationalities. It reflects our ability to dream, our ability to move fast and our ability to achieve.

Our logo is the symphony of colors. The colors reflect our 3 integrated businesses. Green represents Resources like coal and oil & gas, Blue represents Ports & Logistics and Orange represents Energy like power and gas distribution. The mark is designed to tell the story of integration and acting as one.

Your Company has pioneered a unique leadership initiative to transform itself into an integrated business player and to focus on three core businesses of resources, logistics and energy. These three businesses are strong enough on their own and bring synergy for the stakeholders. The Adani Group would continue to build its strengths in these core sectors nationally and internationally.

The integrated model is well adapted to the infrastructure challenges of fast-growing countries such as India. It offers security of supply for coal and other essential imports while mitigating price and political risk.

Integration multiplies the benefits of synergies and economies of scale for us, our customers and stakeholders.

Subsidiaries:

As on March 31, 2012, your Company had eighteen subsidiary companies under its belt. These group companies broadly operate and focus in India and Outside India.

- | | |
|---|--|
| 1. Adani Hazira Port Pvt. Ltd. | 10. Karnavati Aviation Pvt. Ltd. |
| 2. Adani International Container Terminal Pvt. Ltd. | 11. Rajasthan SEZ Pvt. Ltd. |
| 3. Adani Kandla Bulk Terminal Pvt. Ltd. | 12. MPSEZ Utilities Pvt. Ltd. |
| 4. Adani Logistics Ltd. | 13. Mundra International Airport Pvt. Ltd. |
| 5. Adani Murmugao Port Terminal Pvt. Ltd. | 14. Mundra SEZ Textile and Apparel Park Pvt. Ltd. |
| 6. Adani Petronet (Dahej) Port Pvt. Ltd. | 15. Adani Abbot Point Terminal Holdings Pty Ltd, Australia |
| 7. Adani Vizag Coal Terminal Pvt. Ltd. | 16. Adani Abbot Point Terminal Pty Ltd, Australia |
| 8. Hazira Infrastructure Pvt. Ltd. | 17. Mundra Port Holdings Pty Ltd, Australia |
| 9. Hazira Road Infrastructure Pvt. Ltd. | 18. Mundra Port Pty Ltd, Australia |

In order to create more business opportunities and to make strategic investment, Adani Warehousing Services Pvt. Ltd. was incorporated as wholly owned subsidiary as on April 19, 2012.

The statement pursuant to section 212(1)(e) of the Companies Act, 1956, containing details of subsidiaries of the Company forms part of the Annual Report.

On restructuring, Mundra Port Holdings Pty Ltd. had become step down subsidiary of the Company w.e.f March 6, 2012 and Adani Abbot Terminal Holdings Pty Ltd had become wholly owned subsidiary of the Company w.e.f. March 15, 2012.

In terms of General Circular issued by Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with Balance Sheet of the Company.

However, as directed by the Ministry of Corporate Affairs, some key information has been disclosed in a brief abstract forming part of this Annual Report. Accordingly, the Annual Report of the Company contains the consolidated audited financial statements prepared pursuant to clause 41 of the listing agreement as prescribed by SEBI and prepared in accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India (ICAI).

The annual accounts of the subsidiary companies and related detailed information shall be made available to the shareholders of the holding and subsidiary companies seeking such information on all working days during business hours. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder/s during working hours at the Company's registered office and that of the respective subsidiary companies concerned. Details of developments of subsidiaries of the Company are covered in Management's Discussion and Analysis Report forming part of the Annual Report.

Fixed Deposits:

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

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The particulars, as prescribed under clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as amended from time to time are appended in the Annexure to the Directors' Report.

Quality, Health, Safety and Environment:

At Adani Ports and Special Economic Zone Limited (APSEZL), Quality, Health, Safety and Environmental (QHSE) responsibilities are integral to operations. Your Company has acquired International Standards ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications specifying the requirements for an Integrated Management System (IMS) as a part of its objective to improve quality, health, safety and environment in the work place.

Successfully managing Health, Safety & Environment (HSE) issues is an essential component of our operations. Through observance and encouragement of this policy, your Company assist in protecting the environment and the overall well-being of all stakeholders. To drive performance improvement, make progress and contribute to sustainable development, your Company works in an integrated manner across the areas of HSE. Your Company achieved a score of more than 94.5 % in Safety Audit conducted by third party as per IS 14489.

Your Company takes a proactive approach toward creating safe working environments for all its employees. To emphasize our continuing commitment to HSE issues, we adhere to HSE Principles. These Principles are the cornerstone of HSE culture and address issues such as accountability, training, communication, resources, engineering design, performance measurement, and sustainable development.

Corporate Governance and Management Discussion and Analysis Report:

Committed to good Corporate Governance practices, your Company fully conforms to the standards set out by the Securities and Exchange Board of India and other regulatory authorities and has implemented and complied with all the major stipulations. The Report on Corporate Governance along with the Compliance Certificate from the Practicing Company Secretary in line with Clause 49 of the Listing Agreement validating our claim and the Report on Management Discussion and Analysis are annexed and forms part of this Annual Report.

Your Company in compliance with the requirements of the Listing Agreement has also formulated and implemented a Code of Conduct for all Board members and senior management personnel of the Company, who have affirmed their compliance thereto.

Directors:

Prof. G. Raghuram, was appointed as an Additional Director on the Board of the Company w.e.f May 14, 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of ensuing Annual General Meeting and being eligible offer himself for appointment. The Company has received a notice in writing from the member of the Company signifying his candidature for the office of Board of Directors of the Company.

Dr. Ravindra Dholakia has resigned as an Independent Director w.e.f May 19, 2012. In accordance with Retirement Policy for Non Executive Independent Directors of the Company, Mr. K. N. Venkatasubramanian and Mr. S. Venkiteswaran had resigned as an Independent Directors of the Company w.e.f. June 26, 2012 and June 30, 2012 respectively.

Board welcomes incoming Director and place on record the deep appreciation for valuable services and guidance provided by outgoing Directors during the tenure of their Directorships.

Board of Directors has reappointed Mr. Gautam S. Adani, as Chairman and Managing Director and Mr. Rajeeva Ranjan Sinha, as Whole Time Director for a tenure of five years w.e.f July 1, 2012 and October 12, 2012 respectively, subject to the approval of shareholders.

As per Section 256 of the Companies Act, 1956 and Article 152 of the Articles of Association of the Company, Mr. Rajesh S. Adani and Mr. Pankaj Kumar, IAS Directors of the Company are liable to retire by rotation and being eligible offer themselves for re-appointment. Board recommends reappointment of the Directors of the Company.

Directors Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm:

- The applicable accounting standards have been followed and there are no material departures from the same;
- Accounting Policies selected have been applied consistently and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Company as at March 31, 2012 and of the profit of your Company for the year ended on that date;
- 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; and
- The annual accounts have been prepared on a going concern basis.

Insurance:

The Company continues to carry adequate insurance for all assets against foreseeable perils.

Particulars of Employees:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, a statement showing the names and other particulars of the employees forms part of this report as Annexure. However, as permitted by Section 219(1) (b) (iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto and any member interested in obtaining such particulars may write to Company Secretary at the Registered Office of the Company.

Auditors:

Your Company's Auditors M/s. S. R. Batliboi & Associates, Chartered Accountants, Ahmedabad, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a written certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

Auditors' Report:

Notes to the financial statements, as referred in the Auditors Report, are self-explanatory and therefore do not call for any further comments and explanations under section 217(3) of the Companies Act, 1956.

Information Technology: an enabler for Growth

Innovative IT Solutions have been the driver for best in class port operations at APSEZL. With deployment of the best in class applications and systems, the IT initiatives have consistently been used to streamline enterprise business processes, improve operating efficiencies and reduce costs. APSEZL aims at seamless integration of its business operations and an IT platform to provide real time information and help in improving decision making process which in turn leads to efficient port operations.

An initiative has been taken to provide our major customers with online vessel tracking information through the APMS system. This initiative through IT Department is part of our commitment to provide better service to our external clients. The berthing / sailing information of vessels during the last 48 hours has also now been made live through APMS. The data can be accessed by all port users from Port Operation section of Mundra Port website. These initiatives help in serving the customers better.

Awards and Accreditations:

During the year under review, your Company had won the following awards:

- Non Major Port of the year 2011 award at International Maritime Offshore Logistics 2011.
- MALA awards for the Best Private Port and Best Private Container Terminal Operator.
- Gateway Awards of Excellence-Ports & Shipping 2012 category "Private Port of the Year" from Ministry of Shipping, New Delhi.
- "Special Commendation Certificate for Golden Peacock Award" in the field of Occupational, Health & Safety - 2011.
- Won awards at the 22nd Gujarat Level Convention on Quality held at Vadodara in September 2011 and 25th National Convention on Quality Concepts (NCQC) - 2011 held at Hyderabad.

Acknowledgment:

Your Directors are highly grateful for all the guidance, support and assistance received from the Government of India, Government of Gujarat, Gujarat Maritime Board, Financial Institutions and Banks. Your Directors thank all shareowners, esteemed customers, suppliers, business associates and members of the Adani Family for their faith, trust and confidence reposed in the Company.

Your Directors wish to place on record their sincere appreciation for the dedicated efforts and consistent contribution made by the employees at all levels, to ensure that the Company continues to grow and excel.

For and on behalf of the Board of Directors

Place: Ahmedabad

Gautam S. Adani

Date: July 2, 2012

Chairman & Managing Director

Annexure - I to the Directors' Report

Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956.

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out as under:

A. CONSERVATION OF ENERGY:

a) The following energy conservation measures have been taken:

1. In continuation to the last year's efforts, stabilizers have now been installed in SS6 lighting system inside liquid terminal in addition to other substations.
2. Power factor has been maintained at the level of 0.990 to 1.0. This has been achieved by close monitoring and timely switching on capacitor banks.
3. West Basin also achieved a power factor of 0.9862. This effectively means that out of all the Apparent Power (Mega Volt Ampere - MVA) supplied, West Basin plant systems utilised 98.62% (Megawatt - MW) for effective work production.
4. Lighting Energy Conservation - On average, 70% of the lights on the plant are switched off for 7 hours every night. This has managed to save, approximately, 447 Megawatt-hours.
5. Utilization of Electrical power operated Golf Carts.

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

Presently there is no such investment proposal being implemented for improving in power consumption process.

c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Approximate savings;

Due to Stabilizer in SS6 Liquid Terminal	:	₹ 1.28 lacs (25242 kwh)
Saving by maintain power factor	:	₹ 12.38 lacs
Power Factor Correction at West Basin	:	₹ 3.64 lacs
Lighting Energy Conservation	:	₹ 20.12 lacs

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:

1. Successfully commissioned eight mobile harbour cranes (Liebherr make) with electrical E-drive during 2011-12. These cranes have facility to run on electricity as well as diesel. By electrification, we are approximately saving ₹ 1000/ per operating hour compared to Diesel.
2. The Company has converted all diesel Rubber Tyre Gantry Cranes (RTGs) into Electric RTG in December, 2011 & January, 2012. This is expected to result in significant savings in operation cost and reduce carbon dioxide emissions by 70%. All the erection and commissioning activity of E-RTG project were undertaken on in-house basis with a number of indigenous development and programming that has brought savings besides the main supply of technology and material coming from the vendor from Germany. The endeavour is only of its kind in South Asia.